Organizational identification after a merger: A social identity perspective

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An analysis of the social identity processes involved in organizational mergers suggests that organizational identification after a merger is contingent on a sense of continuity of identity. This sense of continuity, in turn, is argued to be contingent on the extent to which the individual’s own pre-merger organization dominates, or is dominated by, the merger partner. In support of this analysis, results of two surveys of merged organizations showed that pre-merger and post-merger identification were more positively related for members of dominant as opposed to dominated organizations, whereas perceived differences between the merger partners were more negatively related to post-merger identification for members of the dominated compared with the dominant organization.

It has long been recognized that organizational mergers and acquisitions have a great psychological impact on the people involved. One of the issues that is often cited as being at stake in mergers is the psychological attachment to the organization (e.g., Buono, Bowditch, & Lewis, 1985; Cartwright & Cooper, 1992; Dutton, Dukerich, & Harquail, 1994; Schweiger & Walsh, 1990). Even so, quantitative studies of the psychological bond between employee and organization are scarce (e.g., Newman & Krzystofaki, 1993; Schweiger & DeNisi, 1991) and have hardly gone beyond establishing the fact that mergers may be associated with lowered attachment (see Hogan & Overmyer-Day, 1994). To contribute to our understanding of the psychological processes involved, in the present study, we provide a theoretical analysis of post-merger organizational identification based on the social identity approach to organizational behaviour (Ashforth & Mael, 1989; Haslam, 2001; Hogg & Terry, 2000), and present the results of two surveys of merged organizations that support this analysis.

Social identification and organizational membership

The social identity approach embodied by social identity theory (Hogg & Abrams, 1988; Tajfel, 1978; Tajfel & Turner, 1986) and self-categorization theory (Turner,
1985; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987) outlines how, through self-categorization, individuals define themselves as members of social categories and ascribe characteristics that are typical of these categories to the self. This conception of the self as a group member provides a basis for the perceptual, attitudinal, and behavioural effects of group membership. The more an individual conceives of the self in terms of the membership of a group, that is, the more the individual identifies with the group, the more the individual’s attitudes and behaviour are governed by this group membership (Hogg & Abrams, 1988; Tajfel & Turner, 1986; Turner et al., 1987). Applying this approach to membership in organizations, Ashforth and Mael (1989) propose that, through organizational identification, organizational membership reflects on the self-concept just as (other) social group memberships do (Dutton et al., 1994; Haslam, 2001; Hogg & Terry, 2000). Organizational identification thus reflects “the perception of oneness with or belongingness to an organization, where the individual defines him or herself in terms of the organization(s) in which he or she is a member” (Mael & Ashforth, 1992, p. 104). Because of this self-defining quality, identification leads to activities that are congruent with the identity—provided that membership of the group or organization is salient (Haslam, Powell, & Turner, 2000; van Knippenberg, 2000). As a consequence, higher levels of organizational identification are associated with a higher likelihood that employees will take the organization’s perspective and will act in the organization’s best interest (Ashforth & Mael, 1989; Dutton et al., 1994). Identification has, for instance, been proposed to lead to in-group cooperation (Kramer, 1991; Tyler, 1999), organizational citizenship behaviour (Dutton et al., 1994), support for the organization (Mael & Ashforth, 1992) and lower turnover (Abrams, Ando, & Hinkle, 1998; Mael & Ashforth, 1995; Tyler, 1999).

Mergers and organizational identification

Studies of the antecedents of identification indicate that identification is contingent on (context-dependent) similarity between individual and group (e.g. Haslam, 2001; Turner et al., 1987), the contribution of the group to the individual’s self-evaluation (e.g. Ellemers, 1993; van Prooijen & van Knippenberg, 2000), the balancing of needs for inclusion and distinctiveness (Brewer, 1991), and a desire to reduce uncertainty (Hogg & Mullin, 1999). The study of post-merger identification extends this earlier research by introduction an explicit focus on change and continuity as factors affecting identification (c.f. Rousseau, 1998).

Viewed from a social identity perspective, a merger may be defined as a formal recategorization of two social groups as one new group. Given that this new group incorporates one’s former pre-merger group, it is in that sense a continuation of this group. Yet, the merged group is new, because it incorporates another group, the merger partner, and thus implies a change in group membership. This interplay between ‘new’ and ‘old’ makes the question of what factors are related to post-merger identification of interest theoretically, because the answer to this question does not immediately follow from earlier studies of the determinants of social and organizational identification. This is not to say that factors that have been shown to affect identification, such as perceived organizational status or prestige (Mael & Ashforth, 1992; cf. Ellemers, 1993) and organizational distinctiveness (Mael & Ashforth, 1992; cf. Brewer, 1991), will not affect post-merger identification. They most likely will, but other, more merger-specific, factors most probably assert an influence as well. These latter factors are the primary concern of the present study.
From a social identity perspective, perhaps the central concern in mergers is that they may constitute, to a greater or lesser extent, a change of identity (Haunschild, Moreland, & Murrell, 1994). The combination of two groups into one, typically completed within a relatively short period of time, inevitably reflects to some extent on how the group members perceive the group, and themselves as members of the group (Dutton et al., 1994). The question, then, would seem to be how this change affects identification. Anecdotal evidence suggests that after a merger, employees often feel that the organization has changed so much that ‘it is no longer their company’, and that it sometimes seems to employees as if they have in fact switched jobs and moved to another organization rather than having gone through a phase of transition and change within their own organization. As Rousseau (1998) argues in her discussion of identification and organizational change, change per se does not seem to be the issue here. Employees seem generally aware of the fact that organizations need to change, and that the work itself and the way in which the organization is structured cannot remain unchanged forever. Moreover, as groups and organizations change, so may their members, both in the sense that old members may leave and new members may join the organization, and in the sense that people themselves may change. Rather, what employees sometimes seem to miss is the feeling that, despite all the changes, they are still working for essentially the same organization as before the merger (i.e. that despite all the changes, it is still their organization). In Rousseau’s terms, what seems essential to maintain identification after a merger is a sense of continuity. Mergers, however, may imply discontinuity because they may carry with them the suggestion that the merged organization is predominantly a continuation of the other organization. A merger implies the integration (to a greater or less extent) of two groups of people. Integration of these groups may give the impression that one’s own group is required to adopt the other group’s ways, and may thus pose a threat to the group’s way of life (Buono et al., 1985; Hogan & Overmyer-Day, 1994). The (perceived) requirement to adopt the other group’s identity may introduce a sense of discontinuity of their own organizational identity and therefore may be detrimental to identification.

A factor that may play a key role in this respect is the extent to which the own organization dominates, or is dominated by, the other. Even though mergers, as opposed to acquisitions, in principle involve equal partners, the distinction between mergers and acquisitions is in practice primarily a legal one. Most mergers are, from a psychological perspective, to a certain extent takeovers (Cartwright & Cooper, 1992). Although the merger partners may pay lip service to the notion of equality, one partner generally dominates the other because it is larger, richer, more viable, or is otherwise more powerful and influential than its partner (Rentsch & Schneider, 1991). Indeed, several researchers make a distinction between mergers (of equal partners) and acquisitions (where one partner dominates the other) within what are, legally speaking, mergers (e.g. Hogan & Overmyer-Day, 1994). These differences in organizational dominance may play an important role in determining how the merger is experienced. Because of its ‘acquiring’ role, the dominant organization is likely to be more influential in determining the shape of the merged organization than the dominated organization. Thus, the merged organization is more likely to be shaped in the image of the dominant organization than of the dominated organization. This makes the change from pre-merger to post-merger situation smaller for employees of the dominant partner, who find themselves a member of an organization that is very similar to their pre-merger organization, than for employees of the dominated partner, who are more
likely to find themselves in an organization that is quite different from their own pre-merger organization. Perhaps of even more importance, and possibly irrespective of the size of the changes, the dominance asymmetry may work to communicate to the employees of the dominant organization that the merged organization is ‘their’ organization, whereas it may communicate to the employees of the dominated partner that ‘they are now a member of the other organization’. As a consequence, employees of a more dominant partner should be more likely to experience a sense of continuity than employees of a more dominated partner (indeed, anecdotal evidence (e.g. Cartwright & Cooper, 1992) suggests that organizational identification is often lower for former members of a dominated organization than for former members of a dominant organization). Thus, for employees of the dominant organization, there should be a clear link between pre-merger and post-merger organizational identification. For employees of the dominated organization, however, pre- and post-merger organizational membership may not be so closely related, because they are more likely to experience the merger as an actual change of group membership.

The relationship between pre-merger and post-merger identification may be one aspect in which the role of organizational dominance is apparent. The (perceived) differences between the merger partners may be another important factor in this respect. (Cultural) differences between the merger partners are among the factors most often cited as causing problems on the ‘psychological side’ of a merger (e.g. Buono et al., 1985; Cartwright & Cooper, 1992; Jemison & Sitkin, 1986). Partners may differ in the way they do the work (or, indeed, in the work they do), in styles of leadership or interpersonal interaction, in beliefs and values, and so on. To the extent that merging forms a threat to identity because one (believes one) has to adjust to the other group’s (i.e. the merger partner’s) ways, inter-organizational differences may exacerbate this threat, because they may result in a greater discontinuity between pre-merger and post-merger identity.¹ As argued above, this greater discontinuity should be associated with lower levels of identification. According to the same reasoning, inter-organizational differences should primarily pose a threat to identity for members of a dominated, as opposed to a dominant, organization because the dominant partner should be more able to maintain its identity-defining features. As a consequence, differences between the merger partners should be related to post-merger identification primarily for members of the dominated as opposed to the dominant organization.

To summarize, we argue that organizational dominance, because it should be associated with a sense of continuity, plays a key role in determining post-merger organizational identification. This should be evident both in a stronger relationship between pre-merger and post-merger organizational identification for members of the dominant as opposed to the dominated partner and in a stronger relationship between perceived differences between the merger partners and post-merger identification for members of the dominated as opposed to the dominant partner.

¹A number of researchers have proposed that intergroup similarity may result in a threat to a group’s distinctiveness and thus engender intergroup biases (e.g. Hewstone & Brown, 1986). While the proposition put forward here may seem at odds with this, it is not. Similarity may be more threatening than dissimilarity when group boundaries are formally maintained (but see Jetten, Spears, & Manstead, 1998), but the present proposition focuses on the situation in which groups are merged, and one group may feel it has to adopt the other’s identity. Our reasoning in terms of continuity of identity, as well as the body of case studies on inter-organizational differences in organizational mergers, suggests that in the latter case, differences may indeed be more threatening than similarities.
Dominance or status?

In the social identity approach, the relationship between groups is typically discussed in terms of group status rather than dominance. Moreover, status has been linked to identification (i.e., high-status groups eliciting more identification; Ellemers, 1993), and in the study of mergers, the status concept has been applied to the study of evaluative intergroup biases (i.e., the tendency to evaluate one's own group more positively than outgroups). In a laboratory study of merging dyads, Haunschild et al. (1994) found that intergroup biases were strongest among members of high-status (in terms of performance success) dyads that were forced to merge with low-status dyads. Terry and Callan (1998) replicated and extended these findings in a survey of an organizational merger involving a high-status and a low-status partner, showing that the high-status group displayed more bias on dimensions on which the status difference was based and the low-status group more on status-irrelevant dimensions. Even though findings for intergroup biases do not necessarily generalize to identification with the superordinate group (i.e., the merged organization), the Haunschild et al. and Terry and Callan studies indicate that the status concept may be fruitfully applied in the study of mergers. Thus, an obvious question is whether dominance essentially refers to status. We concur that the dominant partner in a merger may often be the higher status group. Yet, dominance, as we use the term, has a more specific and limited meaning than status. Moreover, dominance and status may to some extent be independent, and there are situations in which the dominated partner may be the higher status group (e.g., when a chain of budget stores takes over a prestigious designer store). In this sense, dominance is more akin to power than to status (and power and status are typically conceived of as different concepts, e.g., Fajak & Haslam, 1998; Ng, 1980), and dominance might to a certain extent be equated with power. However, power typically has the connotation of deliberate influence, which our use of the term dominance does not require. Therefore, we use the term dominance rather than status (or power).

Method

To determine the merits of the propositions put forward above, we assessed perceived differences between the merger partners, pre-merger identification, and post-merger identification in two surveys of merged organizations. The second survey also included a measure of the perceived status of each merger partner. Although our purpose was not to contrast status and dominance, this allowed us to explore the extent to which dominance and status are overlapping concepts. Both surveys concerned mergers in which a dominant and a dominated partner could be distinguished. As merging organizations are reluctant to accommodate researchers, especially before the

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2Initially, the primary focus of the study was on the prediction that inter-organizational differences would be negatively related to post-merger identification because they would be conducive of 'us vs. them' perceptions and thus be detrimental to the perception of the merged organization as a single entity with which to identify (see Mattola, Bachman, Gaertner, & Dovidio, 1997). To explore this possibility, we included a measure of organizational entitativity, the extent to which the organization was perceived as a single entity (a principal-components analysis (PCA) showed this measure to be distinct from the other study variables). In both samples, organizational entitativity was negatively related to inter-organizational differences and positively related to post-merger identification, but the relationship between inter-organizational differences and post-merger identification was not mediated by organizational entitativity. Because, as a result, findings for organizational entitativity hardly went beyond simple correlations, we decided not to report these results.
merger takes place (indeed, pre-merger measures are very rare in the study of mergers), we were forced to settle for cross-sectional surveys after the merger. Obviously, this is not the most optimal design. First, given that our measures involved both the pre-merger situation and the post-merger situation, a longitudinal design would have been preferable. This may not be too problematic for Sample 1, which was surveyed more or less immediately after the merger, at a time when respondents may be expected to report with some accuracy about the pre-merger situation. Sample 2, however, was surveyed 3 years after the merger, and should be treated with more caution. The value of Sample 2 lies in the fact that if it replicates the findings of Sample 1; this argues against the suggestion that our findings only pertain to the situation immediately after the merger or only to the specific organization surveyed for Sample 1. On the basis of these considerations, we decided to base conclusions on findings that were replicated over studies only (obviously, this does not apply to status, which was only assessed in Sample 2). Second, as is typical of survey research, common method and common source biases may inflate relationships. Therefore, we decided to focus primarily on relationships moderated by pre-merger organizational membership (i.e. an objective measure) rather than on simple relationships, because the former are not easily explained in terms of common method or common source biases. Finally, it should be noted that the correlational nature of the design does not allow for conclusions about causality. Although this is an almost inevitable consequence of the desire to study actual organizational mergers, this means that conclusions are more tentative than they would be if based on an experiment.

Sample 1
Sample 1 was a survey of the administrative organization of a recently merged (4 months prior to the survey) local government organization. Although the organization’s management made an effort to convince employees that this was a merger of equals, one partner was approximately ten times the size of the other. As a result of this difference in size, the larger organization was more influential in the merger process and was better able to affect the shape that the merged organization took (Hogan & Overmyer-Day, 1994; Rentsch & Schneider, 1991). Amongst other things, this conclusion is suggested by the fact that the merged government organization took the name of the larger partner.

A total of 625 people worked in the merged organization, but the survey focused on the 417 employees who were involved in the organization’s core business: government administration and services. These employees were invited to a workshop concerning changes in organizational culture organized by the management. At the beginning of each workshop, the employees were approached by one of the researchers to request their participation in the survey (participation was stressed to be on a voluntary basis and independent of participation in the workshop itself). Of the 396 employees attending the workshop, 393 agreed to participate in the survey (94% of the research population). Twenty of these were excluded from the analyses either because they had joined the organization after the merger (12 respondents) or because information about their pre-merger organizational membership was missing (8 respondents). Of the remaining respondents, 336 were from the larger organization and 37 from the smaller. A preliminary analysis indicated that these groups did not differ on the demographic variables assessed in the survey: age ($M=40.54$, $SD=9.11$), gender ($57\%$ male), tenure ($M=12.52$, $SD=9.22$), and the percentage of full-time versus part-time workers ($71\%$ full-time).
Measures
The items used to measure perceived inter-organizational differences, and pre-merger and post-merger identification are displayed in Table 1. Responses were assessed on rating scales ranging from 1, completely disagree, to 5, completely agree. Post-merger organizational identification was assessed with three items derived from (in the order of presentation in Table 1) Kelly and Kelly (1994), Mael and Ashforth (1992), and Brown, Condor, Mathews, Wade, and Williams (1986). Pre-merger identification was assessed using the same items, but formulated in the past tense and referring to ‘my former organization’ (after a short explanation of what was meant by ‘my former organization’) instead of to the merged organization. Perceived inter-organizational differences were measured using a 5-item questionnaire that assessed both a general judgment about inter-organizational differences and judgments about similarities and differences on aspects that were deemed to be of psychological relevance to the employees of the merged organization.

Sample 2
Sample 2 was derived from a mail survey of the employees of an institution for secondary education that came into being after a merger 3 years earlier. The local government had taken the initiative for the merger to ensure survival of one of the merger partners, which was threatened because of demographic changes. Although the merger partners were of approximately equal size, the organization that did not need the merger for its survival was able to assume the more dominant position (Rentsch & Schneider, 1991). This was, for instance, evident in the fact that the dominant organization gave its name to the new organization and in the fact that the former director of the dominant partner headed the merged organization.

All 229 employees of the merged organization received the questionnaire at their home address with a follow-up letter as a reminder 3 weeks later. This also included employees who had joined the organization after the merger, but only respondents who had worked at one of the merger partners at the time of the merger were included in the analysis. A total of 86 questionnaires were returned (representing a 38% response rate), 81 of which were filled out by pre-merger employees (40 from the dominant and 41 from the dominated partner). Preliminary analyses indicated that the respondents from the dominant and the dominated partner did not differ on the demographic variables assessed in the survey: tenure (M = 16.95, SD = 9.04), the percentage of teaching (71%) versus non-teaching personnel, and the percentage of full-time (61%) versus part-time workers.

Measures
To measure perceived inter-organizational differences, and pre-merger and post-merger identification, the same items as in Study 1 were used, with responses on 7-point

3 Although all three items were derived from validated scales, one may raise the question how the scale used in the present study relates to other scales. PCA of unpublished data from a study by van Knippenberg and Sleebos (1999), in which identification was assessed with Mael and Ashforth’s (1992) 6-item scale and the other identification items used in the present study, showed that all items loaded on one single factor (accounting for 56% of the variance). The two items used here that are not in the Mael and Ashforth scale both had factor loadings above .80. Thus, we may be confident that our three-item questionnaire assessed identification.

4 No exact information was available about the number of employees from each pre-merger organization in the research populations for either Sample 1 or Sample 2. Estimates of the number of employees from the dominant and dominated organization (10:1 in Sample 1; 1:1 in Sample 2) as well as the extremely high response rate in Sample 1 suggest that the samples were unbiased in this respect.
<table>
<thead>
<tr>
<th>Items</th>
<th>Factors</th>
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<tr>
<td></td>
<td>1</td>
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<tr>
<td>Post-merger identification (factor 1)</td>
<td></td>
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<tr>
<td>I identify strongly with (organization's name)</td>
<td>.87</td>
</tr>
<tr>
<td>When someone criticizes (organization's name), it feels like a personal insult</td>
<td>.77</td>
</tr>
<tr>
<td>I feel strong ties with (organization's name)</td>
<td>.95</td>
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<tr>
<td>Perceived inter-organizational differences (factor 2)</td>
<td></td>
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<tr>
<td>In general (Partner A) and (Partner B) were similar to each othera</td>
<td>-.01</td>
</tr>
<tr>
<td>The atmosphere at (Partner A) was the same as the atmosphere at (Partner B)a</td>
<td>-.14</td>
</tr>
<tr>
<td>The cultures of (Partner A) and of (Partner B) differed considerably</td>
<td>-.03</td>
</tr>
<tr>
<td>The beliefs and values of the employees of (Partner A) were very similar to those of the employees of (Partner B)a</td>
<td>.19</td>
</tr>
<tr>
<td>The way of working at (Partner A) was clearly different from the way of working at (Partner B)</td>
<td>.01</td>
</tr>
<tr>
<td>Pre-merger identification (factor 3)</td>
<td></td>
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<tr>
<td>I identified strongly with my former organization</td>
<td>-.09</td>
</tr>
<tr>
<td>When someone criticized my former organization, it felt like a personal insult</td>
<td>.09</td>
</tr>
<tr>
<td>I felt strong ties with my former organization</td>
<td>.12</td>
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</table>

Note. Values in italic refer to the items comprising each scale.

aItem was reverse-coded.
scales. To assess the perceived status of each pre-merger organization, respondents were requested to indicate on 7-point scales with end points labelled 1 (low) and 7 (high) how high the prestige of each organization was. These responses were recoded to reflect the perceived status of own (‘ingroup status’) and other (‘outgroup status’) organization. To check whether the presumably dominant partner was perceived to be dominant by the employees of the merged organization, respondents were asked to indicate which of the three following statements described the merger best: “It was a merger of equals”, (Partner A) has absorbed (Partner B)”, or “(Partner B) has absorbed (Partner A)”, and which of the following three statements best described each merger partner’s influence on the merger process: “Both partners were equally influential”, “(Partner A) was more influential”, or “(Partner B) was more influential”.

Results

Sample 1
First, we submitted the items comprising the variables of perceived inter-organizational differences, and pre-merger and post-merger identification to a PCA with OBLIMIN rotation. This analysis yielded three factors with eigenvalues >1, explaining 68% of the variance. As shown in Table 1, all items loaded highly on the intended factor, and there were no cross-loadings (all other loadings were lower than |.30|). Thus, the results of the PCA suggest that the three scales we constructed indeed represented three distinct variables. Descriptive statistics and intercorrelations for these variables are displayed in Table 2.

Second, we explored possible differences in means between the dominant and the dominated organization. For perceived inter-organizational differences, we conducted t-tests. Results of these tests indicated that members of the dominated organization believed the inter-organizational differences to be larger (M=4.23) than did members of the dominant organization (M=3.54; t(293)=6.10, p<.001), possibly because the intergroup context tends to be more salient for members of relatively small groups (Brewer, 1991; Simon, 1992). For identification, we compared employees from both pre-merger organizations as well as pre-merger and post-merger identification in an analysis of variance with pre-merger organizational membership (dominant vs. dominated organization) as a between-subjects factor and pre-merger vs. post-merger identification as a within-subjects factor. Both main effects were significant, but because the interaction between pre-merger organizational membership and pre-merger vs. post-merger identification was also significant (F(1,344)=50.02, p<.0001; η^2=.13), we focused on the interaction. Inspection of the means showed that post-merger identification (M=2.91) was lower than pre-merger identification (M=3.84) for former employees of the dominated organization, whereas pre-merger identification (M=2.94) and post-merger identification (M=3.06) did not differ for members of the larger organization.

Finally, we performed a hierarchical regression analysis in which perceived inter-organizational differences, pre-merger identification, and pre-merger group membership were entered on Step 1, and the interactions of pre-merger identification and perceived differences with pre-merger group membership were entered on Step 2, as predictors of post-merger identification. The results of these analyses are presented in Table 3. Both pre-merger identification and pre-merger group membership were related to post-merger identification, but because both interactions were also significant, we focused on those. Following Aiken and West (1991), we determined the
Table 2. Descriptive statistics and correlations, Samples 1 and 2

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sample 1</th>
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<tr>
<td></td>
<td>M</td>
<td>SD</td>
<td>1</td>
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<td>3</td>
<td>M</td>
<td>SD</td>
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<td>4</td>
<td>5</td>
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<tr>
<td>1. Inter-organizational differences</td>
<td>3.62</td>
<td>0.66</td>
<td>(.82)</td>
<td></td>
<td></td>
<td>6.02</td>
<td>0.90</td>
<td>(.83)</td>
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<td>2. Pre-merger identification</td>
<td>3.04</td>
<td>0.92</td>
<td>.23***</td>
<td>(.84)</td>
<td></td>
<td>5.17</td>
<td>1.52</td>
<td>.14</td>
<td>(.84)</td>
<td></td>
<td></td>
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<tr>
<td>3. Post-merger identification</td>
<td>3.04</td>
<td>0.89</td>
<td>.00</td>
<td>.49***</td>
<td>(.86)</td>
<td>3.58</td>
<td>1.62</td>
<td>-.33**</td>
<td>.28*</td>
<td>(.92)</td>
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<td>4. Ingroup status</td>
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<td></td>
<td></td>
<td>5.00</td>
<td>1.41</td>
<td>.19</td>
<td>.19</td>
<td>.14</td>
<td>(-)</td>
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<tr>
<td>5. Outgroup status</td>
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<td></td>
<td>4.10</td>
<td>1.70</td>
<td>.02</td>
<td>.03</td>
<td>-.12</td>
<td>-.43***</td>
<td>(-)</td>
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Note. Sample 1: N=285 (listwise), scores are on 5-point scales. Sample 2: N=78 (listwise), scores are on 7-point scales. Higher scores indicate greater differences, higher identification, etc. Reliability coefficients (Cronbach’s α) are displayed between parentheses on the diagonal.

*p<.05; **p<.01; ***p<.001.
regression slopes for dominant and dominated groups separately. Pre-merger identification was only related to post-merger identification for members of the dominant organization ($\beta = 1.18, p < .0001$) and not for members of the dominated organization ($\beta = .04, \text{n.s.};$ see Fig. 1). Perceived inter-organizational differences were negatively related to post-merger identification for the dominated group ($\beta = .42, p < .01$) and positively for the dominant group ($\beta = .52, p < .01; $ see Fig. 2).

**Sample 2**

Although Sample 2 was rather small for a PCA, with the necessary caution, we may note that a PCA similar to that conducted for Sample 1 yielded highly similar results. Three components with eigenvalues >1 emerged (accounting for 73% of the variance), with all items loading higher than $|.65|$ on the intended component, and no cross-loadings of $|.20|$ or higher. Reliabilities for the scales based on these items are displayed in Table 2.
In addition, we established whether the presumably dominant organization was also perceived by the respondents to be dominant. In answer to the questions regarding organizational dominance, the majority of respondents indicated that they felt that the presumably dominant merger partner had absorbed the other partner (81%). Only 19% indicated that it had been a merger of equals, and none of the respondents indicated that the partner that was assumed to be dominated had absorbed the other. In a similar vein, 86% indicated that the partner that was assumed to be dominated had been more influential in the merger process, 14% judged the partners to have been equally influential, and none reported that the presumably dominated partner had been more influential. χ² tests indicated that perceptions were not contingent on pre-merger organizational membership for either the first (χ²(1) = .95, n.s.) or second measure (χ²(1) = 2.50, n.s.). Thus, we may conclude that there was consensus among the employees of the merged organization that the partner that was presumed to be dominant was indeed dominant.

Descriptive statistics and intercorrelations for perceived inter-organizational differences, pre-merger and post-merger identification, and perceived ingroup and outgroup status are displayed in Table 2, and t-tests indicated that respondents from the dominated and dominant organization did not differ in perceived inter-organizational differences. Pre-merge identification and post-merger identification were entered in an analysis of variance with pre-merger organizational membership as the between-subjects factor and pre-merger vs. post-merger identification as the within-subjects factor. Results showed that post-merger identification (M = 3.66) was lower than pre-merger identification (M = 5.12; F(1,77) = 54.16, p < .0001; η² = .41), especially for members of the dominated organization (M_{pre} = 5.35 and M_{post} = 3.50 for the dominated organization versus M_{pre} = 4.87 and M_{post} = 3.82 for the dominant organization), although the interaction was only marginally significant (F(1,77) = 3.83, p < .06; η² = .05). Group status was analyzed in a pre-merger organizational membership by target group (ingroup vs. outgroup) ANOVA with repeated measures on the last factor. Both main effects were significant, but so was the interaction (F(1,77) = 103.11, p < .0001). Therefore, we focus on the interaction. Both groups rated the status of the
dominant partner as higher, but the dominant group differentiated more between own status ($M = 5.77$) and the status of its partner ($M = 2.87$) than the dominated group ($M_{ingroup} = 4.29$ vs. $M_{outgroup} = 5.32$).\(^5\)

For the regression analysis to assess the relationship of post-merger identification with the other study variables, we computed a difference score (ingroup status $+$ outgroup status) for the status measure, because Haunschild et al.’s (1994) results suggest that status effects originate primarily in the status difference between the merger partners (we may note, however, that analysis with ingroup and outgroup status entered separately yields very similar results). On Step 1, inter-organizational differences, pre-merger identification, pre-merger group membership, and status difference were entered, and on Step 2, the two-way interactions with pre-merger group membership were entered. The results of this analysis are displayed in Table 4. As in Sample 1, the relationships observed on Step 1 were qualified by the interactions (the interaction for inter-organizational difference was only marginally significant, $p < .07$, but in view of the results for Sample 1 and the low $N$, this is probably due to low power). Neither status differences nor the status difference by pre-merger group membership interaction was related to post-merger identification. Exploration of the interactions showed that, as in Sample 1, pre-merger identification was only related to post-merger identification for the dominant group ($\beta = .63$, $p < .0001$) and not for the dominated group ($\beta = .17$, n.s.; see Fig. 3). In contrast, perceived differences were only related to identification for the dominated group ($\beta = .45$, $p < .001$) and not for the dominant group ($\beta = .05$, n.s.; see Fig. 4). To explore whether status differences mediated these interactions (i.e. as should be the case if the influence of pre-merger

\(^5\)In line with the findings of Terry and Callan (1998), this may be interpreted as evaluative intergroup bias on a status-relevant dimension (status is arguably the most status-relevant dimension) on the part of the dominant group. Interestingly, in Sample 2 we also assessed evaluative ratings of ingroup and outgroup on other, more interpersonal (e.g. liking) and possibly more status-irrelevant dimensions. The dominated group displayed more intergroup bias on these ratings than the dominant group. We may tentatively (i.e. we did not assess status relevance) conclude that this replicates Terry and Callan’s findings for intergroup biases on status-relevant and irrelevant dimensions by high and low status groups.
To the extent that the social identity approach has been applied to organizational mergers, building on the rich social identity tradition in intergroup relations research, analysis has tended to focus on intergroup biases (e.g., Gaertner, Dovidio, & Bachman, 1996; Terry & Callan, 1998). Without challenging the value of these studies, the organization is a status effect), we conducted additional analyses to test the interactions of status with pre-merger identification and inter-organizational differences. Neither interaction was significant, ruling out the possibility of mediation.

**Discussion**

To the extent that the social identity approach has been applied to organizational mergers, building on the rich social identity tradition in intergroup relations research, analysis has tended to focus on intergroup biases (e.g., Gaertner, Dovidio, & Bachman, 1996; Terry & Callan, 1998). Without challenging the value of these studies, the
present study introduces a different emphasis by focusing on post-merger identification, thus primarily focusing not on the subgroup level (i.e. relations between subgroups) but on the superordinate level (i.e. identification with the superordinate category). This shift in emphasis is of interest from a practical point of view, because organizational identification may often be at stake in mergers, as well as from a theoretical point of view, because identification has typically not been studied in the context of fundamental changes in the membership group itself.

As noted earlier, conclusions will be limited to findings that were consistent over both samples. Results for both samples support the conclusion that pre-merger identification and post-merger identification are more closely aligned for members of dominant as opposed to dominated organizations. In addition, perceived differences between the merger partners were negatively related to post-merger identification for members of the dominated organization, but not for members of the dominant organization (results are inconsistent as to the nature of this relationship for the dominant group). The fact that findings were consistent across samples is all the more important, because the samples differed in type of organization (government vs. education), basis of dominance (relative size vs. merger motive), and time after the merger (4 months vs. 3 years). This suggests that findings are not specific to a particular (type of) organization, a particular basis of organizational dominance, or limited to a particular time after the merger. Thus, the consistency across samples bolsters confidence in the generalizability of our findings.

Another important point is that, even though all measures were assessed in a single questionnaire, our conclusions are based on interactions with an objective measure (i.e. pre-merger organizational membership). This argues against an interpretation in terms of common method bias, because it is unlikely that this bias was stronger for members of the dominant organization in the relationship between pre-merger and post-merger identification, whereas it was stronger (or yielded a differently valued relationship) for members of the dominated organization for the relationship between inter-organizational differences and identification. These moderated relationships are also important in relation to the fact that our survey included retrospective measures. This raises the possibility that responses to these measures were influenced by the post-merger situation. We cannot rule out this possibility, but, in view of the interactions obtained, to make a case for this explanation, one needs to explain why this effect was stronger for members of the dominant organization where the relationship between pre-merger and post-merger identification is concerned and stronger for the dominated organization for the differences—identification relationship. It seems that such an explanation would have to build on the very notions regarding dominance and continuity put forward in our theoretical analysis. Thus, given that the present study is silent regarding causality, the main conclusion of such an alternative interpretation would seem to be essentially the same as our own conclusion.

In sum, we may conclude that the present findings corroborate the proposition that a dominant position in a merger is conducive to a sense of continuity between pre-merger and post-merger identity (positive relationship between pre- and post-merger identification, lack of concern with inter-organizational differences), whereas a dominated position is associated with discontinuity (no relationship between pre- and post-identification, perceived differences associated with lower identification), and thus also corroborate the more general proposition that a sense of continuity is conducive to post-merger organizational identification. However, our study is essentially only the first step in uncovering these processes. We did not assess sense of continuity directly,
so future research will have to yield more definite proof concerning the role of sense of continuity as a key mediating construct. Such future research might also focus in more detail on the factors that may contribute to a sense of continuity (e.g., maintenance of identity-defining features). A more in-depth exploration of the factors that contribute to a sense of continuity is of special interest where the position of the dominated group is concerned. The present analysis links a sense of continuity to holding a dominant position, and this leaves the question of what factors would contribute to a sense of continuity for the dominated group unanswered. Identifying the factors that underlie the presumed effect of dominance on sense of continuity may help uncover factors that may work to the same end for dominated groups.

In this respect, findings from a recently conducted series of experiments by van Leeuwen and associates (van Leeuwen, van Knippenberg, & Ellemers, 2000a,b,c) are highly relevant. In a minimal group-type experiment ( Tajfel, 1978), van Leeuwen et al. suggested to their participants that they were members of a four-person group that, after performing an initial task, supposedly merged with another four-person group for a subsequent task. In a first experiment, van Leeuwen et al. (2000a) demonstrated that post-merger identification is higher when the merged group may be considered to be a continuation of the own group as opposed to the other group (i.e. the one group was added to, and absorbed by, the other), and that the relationship between pre-merger and post-merger identification was stronger the more the merged group was a continuation of its own pre-merger group. Note that this represents the laboratory analogue of the present finding that dominance moderates the relationship between pre-merger and post-merger identification—and establishes causality in this relationship. In a second experiment, van Leeuwen et al. (2000b) showed that the ‘discontinuity effect’ for the dominated group disappeared when the dominated group maintained its distinctiveness within the merged group by performing a distinct subtask (see Deschamps & Brown, 1983). Finally, van Leeuwen et al. (2000c) showed that this reasoning extends to mergers of equals. If the identity-defining feature of the group (within the experimental context: the type of task it performed) is not maintained, structural distinctiveness (performing a distinct subtask; cf. van Leeuwen et al., 2000b) is conducive of post-merger identification, whereas it is not if the identity-defining feature of the group is maintained within the merged group. These findings support the proposition that the identity-threatening effects of mergers may be deflected for members of the dominated group if the dominated group is able to maintain its identity-defining features within the merged organization. This conclusion is further corroborated by recent experimental studies on intergroup relations in the context of a shared superordinate group membership suggesting that intergroup biases are attenuated if group distinctiveness is maintained within the superordinate group (Dovidio, Gaertner, & Valadzic, 1998; Hornsey & Hogg, 2000; see also Eggins & Haslam, 1999).

Case studies of mergers show that dominant organizations often aim to assert their dominance. It is, for instance, not uncommon for an acquiring organization to fire the (top) management of an acquired organization in an attempt to make it easier to impose their own organizational culture (cf. identity) on the acquired organization (Cartwright & Cooper, 1992). Our analysis suggests that, even though this may ensure a sense of continuity for the dominant group, such attempts to establish the dominance of own culture (i.e. monoculturalism) are conducive to resistance to the merger on the part of the dominated group. Indeed, from an identity maintenance perspective, such an approach would in fact invite the dominated group not to identify with the
merged organization. In contrast, the accommodation of distinct subcultures (i.e. multiculturalism) within the merged organization may work to the benefit of both the dominated and the dominant organization. Thus, the present analysis argues against the common practice in mergers to try to force the dominated group to adopt the dominant group’s identity, and in fact suggests that in order to establish a common organizational identity, the merged organization needs to allow for the subgroup identities to maintain a certain level of distinctiveness, or to be maintained in other ways in the merged organization (see van Leeuwen et al., 2000c), to ensure a sense of continuity on the part of both the dominant and the dominated group.

Even though the present study was not designed to contrast status and dominance, and, moreover, status was only assessed in Sample 2, three points regarding status in relationship to dominance are worth noting. First is the moderating role of organizational dominance obtained even when controlling for status. This suggests, although tentatively, that, as we proposed earlier, dominance might be a more appropriate concept in relation to post-merger identification than status. Second, at the same time, our findings regarding perceptions of own and other group (status perceptions\(^5\), seem to replicate earlier findings by Haunschild et al. (1994) and Terry and Callan (1998) of greater evaluative intergroup differentiation by the high-status (i.e. dominant) group on status-relevant dimensions and by the low-status (i.e. dominated) group on status-irrelevant dimensions. Thus, in the domain of intergroup perceptions, dominance seems to amount to roughly the same as status. Third, Haunschild et al. report more negative expectations about the merged group among high-status as compared with low-status groups, whereas our analysis would indicate the opposite. However, in the Haunschild et al. study, status was based on performance, and negative expectations also related to performance; that is, high-status dyads were more pessimistic about the merger because they expected to be unable to maintain their standard of performance. If we assume that, in the context of Haunschild et al.’s experiment, performance was identity-defining (cf. van Leeuwen et al., 2000c), this inability to preserve this characteristic, according to the theoretical argument put forward in the present study, would indeed result in more negative reaction to the merger from high-status dyads. This line of reasoning suggests that dominance might not only be more important than status in determining reactions to a merger, but might also moderate status effects such that high-status groups in a dominated position (e.g. a company specializing in designer products that is acquired by a large chain of budget stores) respond more negatively to a merger than low-status groups in a dominated position.

Finally, it is interesting to note that our discussion of the role of dominance complements a recent discussion of intergroup relations by Mummendey and Wenzel (1999). Mummendey and Wenzel propose that intergroup discrimination is based on the projection of the characteristics of the own group on a more inclusive category encompassing both own group and outgroup(s). These presumed characteristics of the superordinate category are used as a standard for judgment of the outgroup. If the outgroup deviates from this standard, it may be negatively evaluated or discriminated against. Groups may, however, disagree about the characteristics of the superordinate category, both seeing their own characteristics as more typical of the superordinate category. Dominance, as the term is used here, might be seen as reflecting the extent to which a group is able to impose its own characteristics on the superordinate category (i.e. establishing social consensus among both ingroup and outgroup members), and thus may ‘legitimize’ intergroup discrimination on the part of the dominant group. This line of thought suggests that the concept of dominance may have an added
value in the study of intergroup relations as well, especially when explicitly studied in the context of a superordinate category membership.

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