### **Association for Information Systems**

## AIS Electronic Library (AISeL)

ICEB 2009 Proceedings

International Conference on Electronic Business (ICEB)

Winter 12-4-2009

## The Impact of IS Employees' Perceived Fairness on Organizational Commitment in Post-Merger Information Systems Integration

Changjin Lee

Jung-Hoon Lee

Jung-In Yang

Follow this and additional works at: https://aisel.aisnet.org/iceb2009

# THE IMPACT OF IS EMPLOYEES' PERCEVIED FAIRNESS ON ORGANIZATIONAL COMMITMENT IN POST-MERGER INFORMATION SYSTEMS INTEGRATION

Changjin Lee<sup>1</sup>, Jung-Hoon Lee<sup>2</sup>, Jung-In Yang<sup>3</sup>
Graduate School of Information,
Yonsei University, Seoul, South Korea

1cilee@yonsei.ac.kr; 2jhoonlee@yonsei.ac.kr; 3inna07@yonsei.ac.kr

#### **Abstract**

Despite the proliferation of mergers and acquisitions (M&As) for last few decades, lots of M&As have failed to fulfil planned objectives and to create synergy. Many researchers pointed out the failure of post-merger information systems (IS) integration as one of critical causes for M&A failure. This study, based on organizational justice theory (OJT), proposes a research model to identify the impact of employees' perceived fairness on their organizational commitment during post-merger integration stage. In addition, the relationship between those variables and organizational trust and job insecurity is also examined. We expect the results of this study can contribute to provide some guidelines for the firms that is now integrating IS systems after M&A or considering M&A in the future.

**Keywords:** Merger and Acquisition (M&A), Post-Merger Integration, Information Systems Integration, Organizational Justice Theory, Organizational Commitment, Trust, Job Insecurity

#### Introduction

For the decades after the 1980's M&A wave, many companies have utilized M&As as an effective means to strengthen their competitiveness in rapidly changing market conditions. Although the global financial crisis triggered by the US subprime mortgage defaults has shrunk the M&A markets throughout the world, the volume of worldwide M&As still recorded about US\$2.9 trillion in 2008 [1].

Despite growing demand for M&As among companies, recent studies on the M&As failed to prove that M&As have a significant impact on overall corporate value-creation [2]. It is found that more than two thirds of M&As fail to create any synergistic benefits such as anticipated cost savings, revenue growth, and shareholders' value maximization [3].

Therefore, many researchers have focused on identifying causes of success and failure of M&A. Among them, majority of studies pointed out that success of M&A is determined at the post-merger integration stage [3] [4] [5] [6] [7] [8]. In particular,

successful integration of information systems determines success of M&A as information system has an utmost importance in the large-scale business [9] [10] [11] [12] [13]. Still, the number of prior research on post-merger IS integration were absolutely insufficient [10] [12] [13] [14] and studies from human resources management (HRM) perspectives cannot even be found almost at all [15].

Most of prior studies on M&As put their emphasis on strategic or financial aspects, but research with focus on successful information systems integration and human side of M&As to identify how M&A affects employees psychology and behaviors, recently began to draw attention amid growing failure of M&As [15].

This paper, based on comprehensive review of previous research in many disciplines such as management, psychology, and information systems, proposes a research model to identify the impact of IS employees' perceived fairness of treatment on their organizational commitment during post-merger integration. For this, we adopted organizational justice theory as a theoretical framework. In particular, we divide those factors into sub-domains and also try to identify the relationship between those sub-domains. In addition, the relationship between those variables and organizational trust and job insecurity is also examined.

We expect the results of this paper can contribute to provide a theoretical framework for systematic research on post-merger IS integration and also give some implications about human resource management for the firms that is now integrating IS systems after M&A or considering M&A in the future.

# Theoretical Framework: Organizational Justice Theory

Organizational justice theory originated from Equity Theory of Adams [16] [17] is a result of efforts to explain the impact of justice on organizational function [18] [19] [20]. The term, organizational justice was coined to describe role of justice at workplace, with emphasis on decision as to how fairly an employee should be treated and how much this decision affects the employee's attitudes and behaviors [21].

As the theory derived from of perceived fairness of outcome distribution in the early 1960s, or Adams's Equity Theory [16] [17] which stressed distributive fairness, failed to explain or predict people's reaction to unfairness recognized in distributive justice models and outcome distribution was not necessarily important as much as the processes assigned is to them [22], significance of procedural justice with its focus on procedures of outcome distribution began to draw attention [23] [24] [25]. The organizational justice theory received consistent support from many researchers as it introduced procedural justice and emphasized distributive justice and procedural justice [26].

However, the organizational justice model with two traditional factors of distributive justice and procedural justice created discrepancy among researchers over introduction of interactional justice, which focuses on interpersonal treatment that occurs in execution of each procedure. The interactional justice introduced by Bies and Moag [27] puts emphasis on how fairly decision-makers respect and treat their subordinates, while communicating with them. In response, some researchers [21] [28] argued that the procedural justice should be put over the interactional justice, and others considered the interactional justice as new form of justice [25] [26] [29] [30] [31].

In this study, the organizational justice theory was adopted as a theoretical framework to discuss this study, as the theory suggested an important theoretical insight into impact of major decisions made in post-merger integration on attitude and behavior of employees [3] [15].

#### **Research Model and Hypothesis**

Post-merger integration requires not only strategic, cultural and organizational fitness between pre-merger companies, but also integration of information systems, such as defining requirements of new information system infrastructures, and integration of per-merger information systems and technologies, is considered the biggest challenge [14]. However, organizational integration can't be effectuated without successful integration of information systems [32].

This study focuses on IS employees who participated or are participating in port-merger IS integration, in contrast to other studies which focus on the integration of IS infrastructures. Based on organizational justice theory, this study examines the impact of IS employees' perceived fairness on organizational commitment with its emphasis on organizational justice issues that occur in the process of post-merger IS integration. For this, our research model is depicted in <Figure 1>.

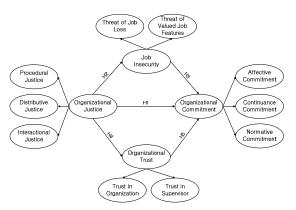


Figure 1. Research Model

The research model shown in <Figure 1> considers each construct as a second-order factor, which consists of some sub-factors. In other words, organizational justice includes distributive justice, procedural justice, and interactional justice, while job insecurity covers perceived threat of valued job characteristics and perceived threat of job loss felt by IS employees. Organizational trust is classified again into trust in organization and trust in supervisor, while organizational commitment is put into affective commitment, continuance commitment, and normative commitment.

M&As bring with concerns over justice in distribution, procedure, and interaction in the post-merger integration, so does in the post-merger IS integration.

First, post-merger IS integration project can cause distributive injustice in the process-handling. The integration requires long-time efforts and it itself is a large-scale project with high risks embedded. Employees participating in the integration even have to devote their much time and effort for success of the project. In this process, they expect their efforts made would be justified and compensated with a reasonable reward in return. Less compensation distribution than expected chips away at their commitment to organization.

Second, post-merger IS integration includes major decision-making processes, in which a variety of problems for procedural justice can arise. In the process of putting pre-merger IS all together, discrepancies in degrees to compatibility, standardization, complexity, and maturity of the ISs, hardware distribution, data sharing, project management capacity, and capabilities of the IS departments [11] [12] can cause divergence in the decision-making. When such decision-making process isn't transparent, and favors towards one particular organization, excluding opinions of IS employees from other organization, they might felt left out, which in turn could cause organizational conflicts.

Third, companies usually set up a special task

force team to perform their post-merger IS integration project. In this process, most of IS employees have to work along with supervisors from other pre-merger companies. They tend to be sensitive to a variety of unfairness or disadvantages which might occur during communication and suffer from much stress, particularly when those from other companies become head of the department or team.

As shown in the prior studies, IS employees also tend to be actively immersed in their new organization, when they are guaranteed with organizational justice. Based on these findings, following hypothesis can be drawn in terms of organizational justice (distributive justice, procedural justice and interactional justice) and organizational commitment.

Hypothesis 1: Organizational justice will have a positive impact on organization commitment.

Job insecurity has become one of common features in most of domestic and foreign companies [33] [34] [35]. Therefore, people are under much anxiety and stress negatively affecting their attitude and behavior towards M&A activities and post-merger integration [36]. Many studies focused on what impact perceived fairness has on reaction of those who survived lay-off as researchers recognized that their perceived fairness is one of key determinants of their behavior [37].

Brockner [37] proved, in his studies on the relationship between job insecurity arising from lay-off and work effort, that procedural fairness has an inverse relation to their worries about lay-off.

Just like unfairness affects their job insecurity (perceived threat of job loss and valued job features) in post-merger integration [37] [38] [39] [40] [41] [42], unfairness affects IS employees' perceived job insecurity also in post-merger IS integration. This leads to the following hypothesis.

Hypothesis 2: Organizational justice will have a negative impact on job insecurity.

M&As are usually accompanied by corporate restructuring, including lay-offs and re-disposition. The previous studies showed that job insecurity impairs organizational commitment. Ashford et al. [38] proved that job insecurity that came from downsizing, restructuring and merger, lowers job satisfaction and trust, triggers intention to quit, and furthermore undermines organizational commitment as well. Davy et al., [43] also came with the same findings. Similarly, [34] and Ito and Brotheridge [35] identified that job insecurity and job loss strain weaken affective commitment.

Although some employees at IS department inevitably face lay-offs right after M&A, many are

still kept in to take on their IS integration. After the IS integration is completed and new IS is stabilized, however, some of them are still put under the strain of job insecurity. Examples used in the previous studies assumed that job insecurity that occurs both during and after IS integration, undermines an overall organizational commitment, including participation in the process. Therefore, following hypothesis can be drawn.

Hypothesis 3: Job insecurity will have a negative impact on organizational commitment.

Amid organizational change such as M&As, down-sizing, and restructuring for the causes of increased efficiency, productivity, and survival and growth, many studies recognized importance of organizational trust and began to have great interest in it [44].

During M&As, organizational trust can be divided into trust in organization and trust in supervisor. Luhmann [45] found that attitude to trust can change according to structural relationship. He argued that degrees of trust towards supervisor and the entire organization are not necessarily the same [46].

Post-merger IS integration project is a daunting challenge that takes several months, in some cases, even years. As such, the project requires voluntary and active participation by IS employees, which is not possible without trust in organization. During IS integration, people at IS department tend to have less trust in organization when they are not guarantee with justice in decision-making process and compensation distribution. If so, their attitude and behavior in organization are also undermined [47]. Moreover, trust among colleagues and towards supervisors determines success or failure of the project as the IS integration takes long time [46] [47]. Therefore, perceived fairness of treatment affects trust in supervisor as it does to trust in organization during post-merger IS integration. Therefore, following hypothesis can be drawn.

Hypothesis 4: Organizational justice will have a positive impact on organizational trust.

Organizational trust including trust in organization and supervisor affects employees' attitude, behavior, and accomplishment [48]. The prior studies showed that organizational justice plays an important role in shaping trust towards organization and supervisor, and the trust formed that way has a positive impact on organizational commitment, job satisfaction, organizational citizenship behavior [44] [46] [48] [49] [50] [51].

Amid organizational change and downturn, well-established trust keeps employees'

organizational commitment firmly. Liou [52] found that trust in organization and supervisor affects organizational commitment [51]. Similarly, employees at IS department tend to have more organizational commitment when they have stronger trust in organization and supervisor during post-merger IS integration, leading to their higher participation in the project and in turn, higher possibility of success. Therefore, following hypothesis can be drawn.

Hypothesis 5: Organizational trust will have a positive impact on organizational commitment.

#### **Research Methods**

#### Sample Data

The study used survey method to identify relation of variables suggested in the research model and prove research hypotheses. Data analyzed came from IS departments in securities-related organizations and securities companies doing business in Korea which experienced M&As recently. And survey was conducted on the employees at IS department who participated in their post-merger IS integration.

A total of 280 copies of questionnaires were distributed through door-to-door or face-to face visit, and e-mail. 130 of them were returned in, showing 46% of respond rate. Out of the 130 responses, 12 responses with incomplete data were eliminated from further analysis. As a result, 118 responses from 5 organizations in Korean securities industry were used in the data analysis.

#### **Operationalization of Research Variables**

Measurement items in the questionnaire are developed by adapting measures that have been validated by other researchers or by converting the definitions of constructs into a questionnaire format. The research variables used in this study include reflective second-order factors, which are composed of several first-order factors. Sources of measurement items are summarized in <Table 1>.

Table 1. Source of Measurement Items

Second-Order Factor	First-Order Factor	Source of Items		
Organizational	Procedural Justice (PJ)			
Justice	Distributive Justice (DJ)	[26]		
(OJ)	Interactional Justice (IJ)			
Job Insecurity	Threat of Job Loss (JS)	[53]		
(JI)	Threat of Job Features (JC)	[54]		
Organizational	Trust in Organization (TO)	[55]		
Trust (OT)	Trust in Supervisor (TS)			
Organizational	Affective Commitment (AC)	[56]		
Commitment (OC)	Continuance Commitment (CC)	[57] [58]		

Normative Commitment (NC)

#### Results

Partial Least Square (PLS) Graph Version 3.0 [59], a structural equation modeling (SEM) tool that utilizes a component-based approach to estimation, was used to prove validity of measurement items and test research model in this study. While covariance-based SEM tool such as LISREL, EQS, and AMOS uses maximum likelihood function for parameter estimation, PLS utilizes least square estimation, providing flexibility in expressing formative and reflective latent constructs, and relatively less restriction in measurement scales, sample size, and distributional assumptions [60] [61] [62]. As variables in the proposed model are composed of second-order factors, two-phase approach methodology was used for analysis.

First, psychometric properties of each measurement item were estimated through confirmatory factor analysis. Second, structural relationship among second-order factors was analyzed based on latent variable (LV) values of first-order factors, which were provided by PLS Graph 3.0 [63] [64].

#### Measurement Model

PLS was used to test psychometric properties of each measurement item that includes internal consistency reliability (also known as composite reliability), convergent validity, and discriminant validity.

First, <Table 2> shows composite reliability (CR) value, average value extracted (AVE), and correlation of first-order factors. As shown in <Table 2>, composite reliability value of first-order factor is 0.913 to 0.973, exceeding 0.7 of a recommended value for a reliable construct [54]. For the average variance extracted by a measure, a score of 0.5 indicates acceptability. <Table 2> shows a) AVE of our measures is 0.606 to 0.878, exceeding acceptability value, b) the square root of the AVE for each construct is greater than the correlation between that construct and other constructs (without exception). In addition, Appendix A shows the weights and loadings of the measures in our research model and Appendix B exhibits the results of confirmatory factor analysis.

Table 2. Analysis Results of First-Order Factors

			•									
	CR	AVE	DJ	PJ	IJ	JS	JC	то	TS	AC	CC	NC
DJ	0.973	0.878	0.937									
PJ	0.971	0.825	0.764	0.908								
IJ	0.960	0.798	0.655	0.756	0.893							
JS	0.948	0.859	0.035	0.117	0.061	0.927						
JC	0.948	0.859	-0.642	-0.607	-0.626	0.015	0.927					
ТО	0.918	0.617	0.478	0.533	0.633	-0.198	-0.612	0.785				

							-0.519					
AC	0.965	0.845	0.701	0.731	0.725	0.033	-0.593	0.611	0.593	0.919		
CC	0.937	0.747	-0.013	-0.054	-0.123	0.397	0.042	-0.177	-0.279	-0.112	0.864	
NC	0.913	0.678	0.337	0.265	0.379	0.023	-0.257	0.367	0.441	0.486	-0.295	0.823

As shown in Appendix A and B, loadings of all items is high for intended construct (> 0.707), and each t-value is significant at significance level of 1%, proving that convergent validity and discriminant validity of measurement items were verified.

We compared internal consistency, convergent validity and discriminant validity of second-order factors as it did for analysis for first-order factor. Latent variable (LV) values were used to identify reliability and validity of each second-order factor as PLS does not support direct analysis for the second-order factor model.

Table 3. Analysis Results of Second-Order Factors

	CR	AVE	OJ	JI	OT	OC
OJ	0.930	0.817	0.904			
JI	0.518	0.499	-0.695	0.706		
OT	0.921	0.854	0.654	-0.605	0.924	
OC	0.740	0.518	0.718	-0.525	0.669	0.720

As shown in <Table 3>, composite reliability to show internal consistency reached over 0.7 of acceptability value. AVEs of measurement items all exceeded acceptability value of 0.5. The square root of the AVE for each construct was higher than correlation between each construct. However two constructs, 'Threat of Job Loss' and 'Continuance Commitment' were dropped because of low level of factor loading value. As a result, these constructs are excluded from further analysis of structural model.

#### **Structural Model**

Path coefficient was investigated to prove validity of structural model and hypotheses as reliability and validity of measurement model was verified. Analysis results are as follows in <Figure 2> and <Table 4>.

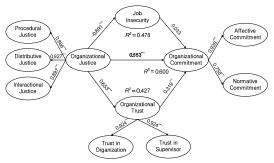


Figure 2. Results of PLS Analysis

As shown in <Figure 2>, organizational justice has a positive impact on organizational commitment ( $\beta=.553$ , p < 0.001), confirming Hypothesis 1. As for correlation between organizational justice and job insecurity, organizational justice was proved to affect job insecurity ( $\beta=-.691$ , p < 0.001), supporting Hypothesis 2. But, Hypothesis 3 was not supported as job insecurity does not significantly affect organizational commitment. The model explained substantial variance in both organizational commitment (R2 = .58) and job insecurity (R2 = .48).

In Hypothesis 4, organizational justice was verified to have an impact on organizational trust ( $\beta$  = .653, p < 0.001), supporting Hypothesis 4, and the Hypothesis 5 was also supported ( $\beta$  = .319, p < 0.001) and the model explained substantial variance in organizational trust (R2 = .42).

Table 4. Results of Hypothesis Testing

No	Hypothesis	Results
H1	Organizational Justice	Supporte
111	→ Organizational Commitment	d
H2	Organizational Justice	Supporte
П	→ Job Insecurity	d
110	Job Insecurity	Not
Н3	→ Organizational Commitment	Supporte d
114	Organizational Justice	Supporte
H4	→ Organizational Trust	d
Н5	Organizational Trust	Supporte
пэ	→ Organizational Commitment	d

#### **Discussion**

The objective of this study is to analyze the impact of IS employees' perceived fairness of treatment during post-merger IS integration stage on organizational commitment, job insecurity, and trust. The analysis results show that all hypotheses excluding Hypothesis 3 were supported.

As argued in organizational justice theory, we could identify that organizational justice plays an important role in shaping IS employees' attitude and behavior when they are involved in large-scale and significant projects, such as post-merger IS integration amid organizational changes including M&As.

First, IS employees' perceived threat of job security can be lower when they feel that their organization and supervisor treat them fairly during the post-merger IS integration. That is, they tend to be certain that they would not be laid-off or put at disadvantage of role assignment, promotion, and career path after IS integration, and have less worry and anxiety when they feel they are treated fairly.

Second, organizational justice has a positive impact on organizational commitment. As shown in prior studies in other fields such as organizational behavior and psychology, IS employees also tend to have more willingness to devote themselves to their organization, subsequently contributing to success of IS integration project, when they are fairly treated.

Third, organizational justice helps IS employees trust in organization and supervisor to increase. As proven in many previous studies, we could find that trust contributes to drawing voluntary participation from employees by playing a positive role in relations between individual and organization, and among individuals. Therefore, increase in perceived fairness of treatment felt by IS employees towards their organization and supervisor contributes to increased voluntary participation in their IS integration by shaping mutual trust. As shown in the analysis result, trust shaped in IS integration project does have a positive impact on organizational commitment.

However, the study shows that job insecurity does not significantly undermine organizational commitment, which can be interpreted in the same line with studies of Greenhalgh and Rosenblatt [53] and Jordan et al. [34], in which the impact of job insecurity on attitude creates conflicting results among employees. In some studies, researchers assumed and came up with hypotheses that job insecurity would have a negative impact on organizational commitment because it triggers propensity to leave and resistance to change, but the significant result between two variables were not found. That can be explained that job insecurity appropriately controlled, as argued by other researchers, has rather a positive impact on work effort. IS employees witnessed other colleagues in business departments being laid off upon announcement of M&A and they might also be cut out of their organization after completion of post-merger IS integration. Such high tension creates willingness for them to work harder [34].

#### Conclusion

The purpose of this study is to identify what impact the perceived fairness of treatment felt by employees has on their individual attitude when they are faced with rapid organizational change such as M&As. To do this, this study tested the impact of organizational justice on organizational commitment, job insecurity, and organizational trust of IS employees during post-merger IS integration.

We can identify their perceived fairness does have a significant impact on their attitude towards IS integration, as argued in organizational justice theory. That is, organizational justice affects organizational commitment, job insecurity and organizational commitment, and organizational trust also has a positive impact on organizational commitment. However, unlike the result of previous studies, we couldn't find the significant relationship between job

insecurity and organizational commitment.

This study is expected to provide some implications from the academic perspectives. First, this study is expected to contribute to facilitation of the related studies about post-merger IS integration by empirically verifying the impact of fairness empirically based on organizational justice theory. Second, most of previous studies on IS integration were usually about IS itself (in terms of infrastructure), and studies on integration of employees at IS department themselves, a key player of IS integration are barely found. However, this study focused on human resource management perspective of IS employees and examined the attitude of IS employees during post-merger IS integration stage. Thus, we expect this study can provide a guideline for a successful integration of IS human resources. Lastly, from the comprehensive review of related studies in other disciplines, we divided each construct into sub-domains and could enhance nomological validity of phenomenon related to IS integration.

From the practitioners' perspective, this study is expected to provide following implications. First, most of post-merger IS integration underestimated integration of human resource, and they were usually conducted with their focus only on the integration of technology itself. However, we expect this study will provide companies that are integrating their ISs or plan M&As with some guidelines by showing the importance of human resource management. Second, the results of this study can give some implications to IS managers who is in charge of IS integration. That is, If they want to successfully complete IS integration project, they should give more attention to IS employees' perceived fairness of treatment during post-merger IS integration.

In the meantime, this study has some limitations together. First, for the analysis we used the survey data from IS employees who already completed post-merger IS integration and survived from layoff. This can cause some bias because they already survived and could be less threatened about job insecurity. Second, generalization of the result of this study has limitation as the study came up with conclusion using data extracted from IS employees only in the field of securities industry in Korea. Third, we performed cross-sectional study to test our research model, but variables used in this study and their impacts can be changed according to M&A stage.

Therefore, for future research, companies currently involved in IS integration need to be included, and variables and degree of their impact need to be analyzed as well for each M&A stage ranging from pre-merger to post-merger. Furthermore, research model and hypotheses suggested in this study need to be tested for IS

employees in other industries and countries for generalization of the research findings.

#### References

- [1] Thomson, Mergers & Acquisitions Review (Fourth Quarter 2008), Thomson Reuters, 2009 (http://banker.thomsonib.com; visited June 6, 2009)
- [2] King, D. R., Dalton, D. R., Daily, C. M. and Covin, J. G. "Meta-Analyses of Post-Acquisition Performance: Indications of Unidentified Moderators," *Strategic Management Journal*, 25 (2), 2004, pp.187-200.
- [3] Ellis, K. M., Reus, T. H. and Lamont, B. T. "The Effects of Procedural and Informational Justice in the Integration of Related Acquisitions," *Strategic Management Journal*, 30, 2009, pp.137-161.
- [4] Birkinshaw, J., Bresman, H. and Hakanson, L. "Managing the Post-Acquisition Integration Process: How the Human Integration and Task Integration Processes Interact to Foster Value Creation," *Journal of Management Studies*, 37 (3), 2000, pp.32.
- [5] Epstein, M. J. "The Drivers of Success in Post-Merger Integration," *Organizational Dynamics*, 33 (2), 2004, pp.174-189.
- [6] Jemison, D. B. and Sitkin, S. B. "Corporate acquisitions: A process perspective," *Academy of Management Review*, 11 (1), 1986, pp.145-163.
- [7] Larsson, R. and Lubatkin, M. "Achieving Acculturation in Mergers and Acquisitions: An International Case Survey," *Human Relations*, 54 (12), 2001, pp.1573-1607.
- [8] Nahavandi, A. and Malekzadeh, A. R. "Acculturation in Mergers and Acquisitions," *Academy of Management Review*, 13 (1), 1988, pp.79-90.
- [9] Giacomazzi, F., Panella, C., Pernici, B. and Sansoni, M. "Information Systems Integration in Mergers and Acquisitions: A Normative Model," *Information & Management*, 32 (6), 1997, pp.289-302.
- [10] McKiernan, P. and Merali, Y. "Integrating Information Systems after a Merger," *Long Range Planning*, 28 (4), 1995, pp.4-62.
- [11] Robbins, S. S. and Stylianou, A. C. "Post-Merger Systems Integration: the Impact on IS Capabilities," *Information & Management*, 36 (4), 1999, pp.205-212.
- [12] Stylianou, A. C., Jeffries, C. J. and Robbins, S. S. "Corporate Mergers and the Problems of IS Integration," *Information & Management*, 31 (4), 1996, pp.203-213.
- [13] Alaranta, M. and Henningsson, S. Shaping the Post-Merger Information Systems Integration

- Strategy. in 40th Annual Hawaii International Conference on System Sciences 2007 (HICSS 2007), Hawaii, 2007, pp. 237b-237b.
- [14] Merali, Y. and McKiernan, P. "The Strategic Positioning of Information Systems in Post-Acquisition Management," *Journal of Strategic Information Systems*, 2 (2), 1993, pp.105-124.
- [15] Seo, M. G. and Hill, N. S. "Understanding the Human Side of Merger and Acquisition: An Integrative Framework," *Journal of Applied Behavioral Science*, 41 (4), 2005, pp.422-443.
- [16] Adams, J. S. "Toward an Understanding of Inequity," *Journal of Abnormal and Social Psychology*, 67 (5), 1963, pp.422-436.
- [17] Adams, J. S. "Inequity in Social Exchange," *Advances in Experimental Social Psychology*, 2, 1965, pp.267-299.
- [18] Greenberg, J. "A Taxonomy of Organizational Justice Theories," *Academy of Management Review*, 1987, pp.9-22.
- [19] Greenberg, J. "Organizational Justice: Yesterday, Today, and Tomorrow," *Journal of Management*, 16 (2), 1990, pp.399-432.
- [20] Kreitner, R. and Kinicki, A. *Organisational Behaviour*, 8th, McGraw-Hill, 2008.
- [21] Moorman, R. H. "Relationship Between Organizational Justice and Organizational Citizenship Behaviors: Do Fairness Perceptions Influence Employee Citizenship?," *Journal of applied psychology*, 76 (6), 1991, pp.845-855.
- [22] Lind, E. A. and Tyler, T. R. *The Social Psychology of Procedural Justice*, Plenum Pub Corp, 1988.
- [23] Thibaut, J. W. and Walker, L. *Procedural Justice: A Psychological Analysis*, Lawrence Erlbaum Associates, Hillsdale, NJ, 1975.
- [24] Leventhal, G. S. "What Should Be Done with Equity Theory? New Approaches to the Study of Fairness in Social Relationships," in Gergen, K. J., Greenberg, M. S. and Willis, R. H. (eds.), Social Exchange: Advances in Theory and Research, Plenum, NY, 1980, pp. 27-55.
- [25] Cohen-Charash, Y. and Spector, P. E. "The Role of Justice in Organizations: A Meta-Analysis," *Organizational Behavior and Human Decision Processes*, 86 (2), 2001, pp.278-321.
- [26] Colquitt, J. A. "On the Dimensionality of Organizational Justice: A Construct Validation of a Measure," *Journal of applied psychology*, 86 (3), 2001, pp.386-400.
- [27] Bies, R. J. and Moag, J. S. "Interactional Justice: Communication Criteria of Fairness," *Research on Negotiations in Organizations: A Biannual Research Series*, 1, 1986, pp.43-55.
- [28] Tyler, T. R. and Bies, R. J. "Beyond Formal

- Procedures: The Interpersonal Context of Procedural Justice," in (eds.), *Applied social psychology and organizational settings*, Lawrence Erlbaum and Associates, Hillsdale, NJ, 1990, pp. 77-98.
- [29] Colquitt, J. A., Conlon, D. E., Wesson, M. J. and Porter, C. "Justice at the Millennium: A Meta-Analytic Review of 25 Years of Organizational Justice Research," *Journal of applied psychology*, 86 (3), 2001, pp.425-445.
- [30] Aquino, K. "Relationships among Pay Inequity, Perceptions of Procedural Justice, and Organizational Citizenship," *Employee Responsibilities and Rights Journal*, 8 (1), 1995, pp.21-33.
- [31] Bies, R. J. and Shapiro, D. L. "Interactional Fairness Judgments: The Influence of Causal Accounts," *Social Justice Research*, 1 (2), 1987, pp.199-218.
- [32] Henningsson, S. How IS Integration Relates to Mergers & Acquisitions as a Tool for Corporate Strategy. in 13th Asia Pacific Management Conference, Melbourne, Australia, 2007, pp. 287-295.
- [33] Feldman, D. C. "Managing part-time and temporary employment relationships: Individual needs and organizational demands," in London, M. (eds.), *Employees, Careers and Job Creation: Developing Growth-Oriented Human Resource Strategies and Programs*, Jossey-Bass, San Francisco, 1995, pp. 121-141.
- [34] Jordan, P. J., Ashkanasy, N. M. and Hartel, C. E. J. "Emotional Intelligence as a Moderator of Emotional and Behavioral Reactions to Job Insecurity," *The Academy of Management Review*, 27 (3), 2002, pp.361-372.
- [35] Ito, J. K. and Brotheridge, C. M. "Exploring the Predictors and Consequences of Job Insecurity's Components," *Journal of Managerial Psychology*, 22 (1), 2007, pp.40-64.
- [36] Thornhill, A. and Saunders, M. N. K. "The Meanings, Consequences and Implications of the Management of Downsizing and Redundancy: A Review," *Personnel Review*, 27 (4), 1998, pp.271-295.
- [37] Brockner, J., Grover, S., Reed, T. F. and Dewitt, R. L. "Layoffs, Job Insecurity, and Survivors' Work Effort: Evidence of an Inverted-U Relationship," *Academy of Management Journal*, 35 (2), 1992, pp.413-425.
- [38] Ashford, S. J., Lee, C. and Bobko, P. "Content, Causes, and Consequences of Job Insecurity: A Theory-Based Measure and Substantive Test," *Academy of Management Journal*, 32 (4), 1989, pp.803-829.

- [39] Catalano, R., Rook, K. and Dooley, D. "Labor Markets and Help-Seeking: A Test of the Employment Security Hypothesis," *Journal of Health and Social Behavior*, 27 (3), 1986, pp.277-287.
- [40] Hartley, J., Jacobson, D., Klandermans, B. and van Vuuren, T. *Job Insecurity: Coping with jobs at Risk*, Sage, London, 1991.
- [41] O'Driscoll, M. P. and Cooper, C. L. "Sources and Management of Excessive Job Stress and Burnout," in Warr, P. B. (eds.), *Psychology at work*, Penguin, Hammondsworth, UK, 1996, pp. 188-223.
- [42] Kuhnert, K., Sims, R. and Lahey, M. "The Relationship between Job Security and Employee Health," *Group & Organization Management*, 14 (4), 1989, pp.399.
- [43] Davy, J. A., Kinicki, A. J. and Scheck, C. L. "A Test of Job Security's Direct and Mediated Effects on Withdrawal Cognitions," *Journal of organizational behavior*, 18 (4), 1997, pp.323-349.
- [44] Büssing, A. "Trust and its relations to commitment and involvement in work and organisations," *South African Journal of Industrial Psychology*, 28 (4), 2002, pp.36-42.
- [45] Luhmann, N. *Trust and Power*, Wiley, Chichester, 1979.
- [46] Nyhan, R. C. "Changing the Paradigm: Trust and its Role in Public Sector Organizations," *The American Review of Public Administration*, 30 (1), 2000, pp.87.
- [47] Tan, H. H. and Tan, C. S. "Toward the Differentiation of Trust in Supervisor and Trust in Organization," *Genetic, Social, and General Psychology Monographs*, 126 (2), 2000, pp.241.
- [48] Dirks, K. and Ferrin, D. "The Role of Trust in Organizational Settings," *Organization Science*, 12 (4), 2001, pp.450-467.
- [49] Aryee, S., Budhwar, P. S. and Chen, Z. X. "Trust as a Mediator of the Relationship between Organizational Justice and Work Outcomes: Test of a Social Exchange Model," *Journal of organizational behavior*, 23 (3), 2002, pp.267-285.
- [50] Colquitt, J., Scott, B. and LePine, J. "Trust, Trustworthiness, and Trust Propensity: A Meta-Analytic Test of Their Unique Relationships with Risk Taking and Job Performance," *Journal of applied psychology*, 92 (4), 2007, pp.909-926.
- [51] Pillai, R., Schriesheim, C. A. and Williams, E. S. "Fairness Perceptions and Trust as Mediators for Transformational and Transactional Leadership: A Two-Sample Study," *Journal of Management*, 25 (6), 1999, pp.897.

- [52] Liou, K. "Understanding Employee Commitment in the Public Organization: A Study of the Juvenile Detention Center," *International Journal of Public Administration*, 18 (8), 1995, pp.1269-1295.
- [53] Greenhalgh, L. and Rosenblatt, Z. "Job Insecurity: Toward Conceptual Clarity," *The Academy of Management Review*, 9 (3), 1984, pp.438-448.
- [54] Hellgren, J., Sverke M., and Isaksson, K. "A Two-Dimensional Approach to Job Insecurity: Consequences for Employee Attitudes and Well-Being," *European Journal of Work and Organizational Psychology*, 8(2), 1999, pp. 179-195.
- [55] Gabarro, J. and Athos, J. *Interpersonal Relations and Communications*, Englewood Cliffs, NJ: Prentice-Hall, 1976.
- [56] Meyer, J. and Allen, N. "A Three-Component Conceptualization of Organizational Commitment," *Human Resource Management Review*, 1(1), 1991, pp. 61-89.
- [57] Meyer, J., Allen, N. and Smith, C. "Commitment to Organizations and Occupations: Extension and Test of a Three-Component Conceptualization," Journal of Applied Psychology, 78(4), 1993, pp. 538-538.
- [58] Lee, K., Allen, N. J., Meyer, J. P. "The Three-Component Model of Organisational

- Commitment: An Application to South Korea," *Applied Psychology: An International Review*, 50(4), 2001, pp. 596-614.
- [59] Chin, W. and Frye, T. "PLS Graph-Version 3.0," *Soft Modeling Inc., McLean, VA*, 1998
- [60] Chin, W. "The Partial Least Squares Approach to Structural Equation Modeling," in Marcoulides (eds.), Modern methods for business research, Lawrence Erlbaum Associates, Mahwah, NJ, 1998, pp. 295-336.
- [61] Falk, R. and Miller, N. A Primer for Soft Modeling, The University of Akron Press, Akron, OH, 1992.
- [62] Fornell, C. and Bookstein, F. "Two Structural Equation Models: LISREL and PLS Applied to Consumer Exit-Voice Theory," *Journal of marketing research*, 19 (4), 1982, pp.440-452.
- [63] Wetzels, M., Odekerken-Schroder, G. and van Oppen, C. "Using PLS Path Modeling for Assessing Hierarchical Construct Models: Guidelines and Empirical Illustration," MIS Quarterly, 33 (1), 2009, pp.177-195.
- [64] Chin, W., Marcolin, B. and Newsted, P. "A Partial Least Squares Latent Variable Modeling Approach for Measuring Interaction Effects: Results from a Monte Carlo Simulation Study and an Electronic-Mail Emotion/Adoption Study," *Information Systems Research*, 14 (2), 2003, pp.189-217

Appendix A:
Weights and Loadings of the Measures

Construct	Items	Weight	Loading	Standard Error	t-value
	DJ1	0.209	0.917	0.019	49.674
	DJ2	0.209	0.919	0.022	42.827
Distributive Justice	DJ3	0.219	0.960	0.008	124.387
	DJ4	0.218	0.958	0.010	92.953
	DJ5	0.212	0.932	0.014	64.845
	PJ1	0.153	0.882	0.035	25.355
	PJ2	0.162	0.932	0.015	63.483
	PJ3	0.157	0.904	0.020	45.366
Procedural Justice	PJ4	0.154	0.891	0.025	35.800
	PJ5	0.158	0.914	0.020	45.043
	PJ6	0.158	0.912	0.030	30.619
	PJ7	0.160	0.921	0.026	34.919
	IJ1	0.187	0.898	0.023	39.341
	IJ2	0.175	0.840	0.037	22.977
Interactional Justice	IJ3	0.192	0.918	0.014	68.193
Theracuonal Justice	IJ4	0.187	0.895	0.019	46.503
	IJ5	0.187	0.898	0.030	30.155
	IJ6	0.190	0.910	0.018	51.100
Perceived Threat of Job Loss	JS1	0.349	0.899	0.027	33.398

	JS2	0.371	0.955	0.013	74.617
	JS3	0.359	0.926	0.015	60.379
	JC1	0.290	0.859	0.030	28.865
Perceived Threat of Valued Job Change	JC2	0.307	0.910	0.020	45.443
referred Tiffeat of Valued Job Change	JC3	0.292	0.863	0.028	30.905
	JC4	0.272	0.807	0.058	13.988
	TO1	0.181	0.783	0.061	12.923
	TO2	0.191	0.826	0.031	26.456
	TO3	0.193	0.832	0.039	21.479
Trust in Organization	TO4	0.195	0.841	0.026	31.818
	TO5	0.167	0.721	0.074	9.753
		0.165	0.711	0.063	11.284
	<b>TO7</b>	0.180	0.777	0.041	18.985

Construct	Items	Weight	Loading	Standard Error	t-value
	TS1	0.180	0.765	0.054	14.300
	TS2	0.194	0.823	0.035	23.251
	TS3	0.190	0.804	0.052	15.437
Trust in Supervisor	TS4	0.191	0.809	0.059	13.706
	TS5	0.170	0.722	0.068	10.567
	TS6	0.186	0.790	0.052	15.313
	TS7	0.172	0.729	0.051	14.260
	AC1	0.212	0.896	0.015	61.584
	AC2	0.223	0.940	0.011	86.128
Affective Commitment	AC3	0.226	0.956	0.008	123.930
	AC4	0.217	0.916	0.016	57.316
	AC5	0.210	0.887	0.026	33.993
	CC1	0.227	0.849	0.028	30.855
	CC2	0.240	0.896	0.022	41.134
<b>Continuance Commitment</b>	CC3	0.229	0.854	0.030	28.432
	CC4	0.221	0.827	0.045	18.491
	CC5	0.239	0.894	0.021	41.955
	NC1	0.246	0.833	0.035	23.986
	NC2	0.242	0.819	0.034	24.217
Normative Commitment	NC3	0.239	0.811	0.037	21.732
	NC4	0.240	0.813	0.035	22.988
	NC5	0.248	0.840	0.031	27.157

Appendix B: Results of Confirmatory Factor Analysis

	DJ	PJ	IJ	JS	JC	ТО	TS	AC	CC	NC
DJ1	.917	.710	.574	.029	580	.466	.352	.652	025	.319
DJ2	.919	.693	.600	.084	557	.406	.360	.637	059	.338
DJ3	.960	.704	.618	.077	611	.415	.381	.658	.027	.341
DJ4	.958	.743	.638	.019	641	.485	.489	.667	020	.321
DJ5	.932	.729	.639	044	619	.470	.440	.672	.013	.260
PJ1	.648	.882	.642	.024	499	.482	.466	.658	067	.291
PJ2	.743	.932	.729	.116	586	.506	.460	.711	018	.299

PJ3	.669	.904	.664	.155	473	.425	.489	.667	085	.249
PJ4	.693	.891	.701	.097	586	.539	.508	.702	083	.222
PJ5	.687	.914	.681	.065	554	.488	.478	.616	040	.228
PJ6	.683	.912	.684	.137	593	.477	.497	.660	056	.231
PJ7	.730	.921	.704	.147	566	.471	.480	.636	.002	.166
IJ1	.615	.736	.898	.060	608	.593	.559	.721	125	.333
IJ2	.494	.584	.840	.100	545	.531	.575	.542	089	.318
IJ3	.583	.728	.918	.046	576	.572	.555	.701	138	.322
IJ4	.549	.622	.895	.132	480	.528	.596	.597	093	.363
IJ5	.651	.672	.898	.005	640	.599	.566	.653	033	.321
IJ6	.614	.707	.910	014	504	.572	.603	.663	180	.373
JS1	.062	.145	.083	.898	035	187	.002	.059	.307	.017
JS2	.052	.110	.080	.955	.028	168	032	.042	.393	.033
JS3	016	.072	.005	.926	.047	196	044	009	.402	.014
JC1	530	502	413	036	.859	425	337	426	031	130
JC2	518	493	545	.077	.910	547	486	551	.045	250
JC3	632	586	639	062	.863	542	477	531	.039	275
JC4	533	511	558	.073	.806	598	489	532	.096	230
TO1	.355	.387	.459	312	398	.782	.433	.448	157	.215
TO2	.429	.387	.534	101	575	.826	.611	.528	128	.386
TO3	.507	.538	.572	044	576	.832	.642	.595	162	.352
TO4	.411	.462	.593	114	585	.841	.598	.479	146	.276
TO5	.206	.308	.353	207	297	.721	.486	.346	086	.253
TO6	.348	.346	.335	180	385	.711	.506	.479	037	.274
TO7	.351	.485	.605	152	515	.777	.600	.473	247	.255
TS1	.286	.344	.450	075	286	.504	.765	.440	282	.334
TS2	.394	.407	.524	.064	407	.504	.823	.538	207	.395
TS3	.406	.417	.579	.087	405	.483	.804	.481	278	.436
TS4	.405	.455	.563	.032	530	.642	.809	.507	125	.356
TS5	.133	.326	.322	141	256	.540	.722	.310	128	.237
TS6	.335	.465	.490	170	377	.578	.790	.497	302	.352
TS7	.377	.478	.569	.042	564	.613	.729	.444	195	.277
AC1	.653	.714	.664	001	557	.554	.461	.896	056	.373
AC2	.672	.656	.639	.041	581	.548	.538	.940	093	.450
AC3	.653	.664	.656	010	552	.582	.591	.956	193	.516
AC4	.631	.640	.689	008	524	.594	.619	.916	193	.463
AC5	.614	.691	.687	.134	509	.530	.515	.887	.030	.428
CC1	052	112	139	.292	.065	087	178	096	.849	210
CC2	.060	002	033	.410	004	133	186	050	.896	261
CC3	014	078	145	.332	.065	229	300	160	.854	321
CC4	032	024	102	.271	.036	133	276	103	.827	177
CC5	024	021	117	.404	.025	183	268	077	.894	301
NC1	.274	.224	.330	029	227	.378	.463	.428	344	.833
NC2	.184	.168	.305	.032	148	.239	.322	.350	182	.819
NC3	.294	.222	.267	.070	269	.291	.287	.406	161	.811
NC4	.286	.221	.273	.012	194	.318	.340	.393	310	.813
NC5	.347	.255	.383	.012	222	.285	.399	.423	215	.840