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Employees' Responses to an Organizational Merger:

Intraindividual Change in Organizational Identification, Attachment, and Turnover

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Note

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**Employees' Responses to an Organizational Merger:
Intraindividual Change in Organizational Identification, Attachment, and Turnover**

Abstract

We use pre-post merger data from 599 employees experiencing a major corporate merger to compare three conceptual models based on the logic of social identity theory (SIT) and exchange theory to explain employees' merger responses. At issue is how perceived change in employees' own jobs and roles (i.e., personal valence) and perceived change in their organization's status and merger appropriateness (i.e., organizational valence) affect their changing organizational identification, attachment attitudes, and voluntary turnover. The first model suggests that organizational identification and organizational attachment develop *independently* and have *distinct* antecedents. The second model posits that organizational identification *mediates* the relationships between change in organizational and personal valence and change in attachment and turnover. The third model posits that change in personal valence *moderates* the relationship between changes in organizational valence and in organizational identification and attachment. Employing latent difference score (LDS) modeling in an SEM framework and survival analysis, our results suggest an emergent fourth model that integrates the first and second models: while change in organizational identification during the merger mediates the relationship between change in personal status and organizational valence and change in attachment, there is a direct and unmediated relationship between change in personal valence and attachment. This integrated model has implications for M&A theory and practice.

Keywords: Mergers and acquisitions (M&A); organizational identification; organizational attachment; turnover; organizational valence; personal valence; model comparison

Organizational mergers and acquisitions (M&As) are critical strategic moves designed to increase organizational competitiveness by decreasing costs, consolidating or extending markets, creating synergy, or accessing new knowledge, products, or technology (Cartwright, 2012). Global M&A volume in 2015 was the highest ever recorded (\$5.05 trillion, a 38% increase from 2014), with continuing increases expected (Dealogic, 2015). Despite their popularity and strategic importance, the vast majority of M&As fail to increase profitability, produce shareholder value, or meet desired financial and strategic goals (Cartwright & Cooper, 1995; Grotenhuis, 2009). Few reliable explanations for this underperformance have been identified despite decades of research on the strategies and characteristics of firms involved in M&As, as well as on the transactions' financial details (King, Dalton, Daily, & Covin, 2004).

This failure has increasingly led scholars to focus on employee responses to M&As in the hope that exploring their post-merger attitudes and behaviors will ultimately shed light on what impacts merger success. Mergers are dramatic events that suddenly and strikingly change the careers of managers and employees (Ghauri & Buckley, 2003), so it is not surprising that individuals' increasingly positive or negative work-related attitudes and behaviors during a merger, *in toto*, might influence whether the change is successful or not. Research has consistently found that mergers have significant effects on two critical individual responses that can either bolster or derail a merger: 1) *organizational identification*, which is the extent to which individuals define themselves in terms of membership in an organization (Ashforth & Mael, 1989); and 2) attitudes and behaviors related to *organizational attachment*, which pertains to individuals' psychological and behavioral involvement in an organization of which they are members (Tsui, Egan, & O'Reilly, 1992), including their job satisfaction (Amiot, Terry, Jimmieson, & Callan, 2006), intentions to stay (van Dick, Ullrich, & Tissington, 2006), and

voluntary turnover (Lee & Mitchell, 1994a, b). Many individuals respond to mergers by continuing to identify with their pre-merger organization and not with their new post-merger organization (cf. Giessner, Horton, & Humborstad, 2016), emotionally detaching from their work, or even voluntarily leaving the organization (Jetten, O'Brien, & Trindall, 2002; Ullrich & van Dick, 2007), all of which can be disruptive, costly, and ultimately harmful to the merger's success (e.g., Haunschild, Moreland, & Murrell, 1994; Schweiger & Denisi, 1991).

Scholars studying the psychological aspects of M&A on the one hand and those studying organizational change on the other have taken somewhat distinct approaches to predicting these critical employee responses. The M&A literature's approach focuses on the complexities of integrating previously independent and distinct employee groups and cultures, as well as on the self-identification processes that employees undergo during mergers (Shrivastava, 1986; Weber, 1996). Much of the M&A literature is grounded in social identity theory (e.g., Giessner et al., 2016; Giessner, Ullrich, & van Dick, 2012; Tajfel & Turner, 1979), which asserts that the social groups to which one belongs have an influence on one's self concept. From this theoretical perspective, a merger's success depends on employees' perceptions that their legacy organization will benefit from enhanced organizational status, performance, and prosperity due to the merger, which improve employee social identification with and attachment to the newly-merged organization (e.g., Terry, 2003). These employee perceptions about change in their organization's status and evaluations of the merger's appropriateness are aspects of *organizational valence*, with more favorable evaluations increasing the likelihood of a successful merger.

In contrast to the more social identity theory-dominated M&A field, the organizational change literature more often employs an exchange theory perspective where individuals trade

their effort and continuing relationship with the organization in exchange for benefits, including pay and security. Thus, the organizational change literature takes greater account of individually-focused concerns, such as employees' belief that they will personally benefit or suffer as a result of the change being implemented, which is conceived of as *personal valence* (Holt, Armenakis, Feild, & Harris, 2007). These beliefs strongly influence employees' attitudinal responses to the change effort (i.e., organizational attachment) during organizational change (Oreg, Vakola, & Armenakis, 2011; Vakola, Armenakis, & Oreg, 2013). Despite these findings, personal valence concerns are much less likely to be examined within the M&A literature¹. Thus, our study's main contribution will be to incorporate both personal and organizational valence concerns to advance our theoretical understanding of employees' identification and attachment reactions during M&A. This allows us to ask questions such as, "how do perceived changes in both personal and organizational valence relate to changes in employees' organizational identification, attachment, and turnover during the course of a merger?"

We use pre-post merger data from 599 employees experiencing a major corporate merger to compare three conceptual models that we derive from the M&A and organizational change literatures to explain employees' subsequent merger responses. The first conceptual model is grounded in the premise that organizational identification and organizational attachment develop based upon *distinct theoretically-derived antecedents*. The fundamental difference between organizational identification and organizational attachment is that the former emphasizes self-definition (Ashforth & Mael, 1989; Hogg & Terry, 2000)--an individual's willingness to define themselves through their organizational membership--while attachment is an attitudinal and behavioral expression of exchange processes (van Knippenberg & Sleebos, 2006), which are fundamentally personal valence concerns (e.g., Blau, 1964; Etzioni, 1961; Whitener & Walz,

1993). Therefore, the first model posits that change in personal valence will influence change in employee attachment while change in organizational valence will influence change in organizational identification. The second model is based on the logic of the group engagement model (Tyler & Blader, 2003), an extension of social identity theory (SIT), and posits that employees who perceive increased organizational and personal valence resulting from a merger will increase their identification with the organization, leading to greater attachment to the organization and reduced turnover. This model therefore views organizational identification as a *mediating* mechanism. The third model integrates a social identity perspective with insights from the exchange theory perspective prevalent in the organizational change literature; it posits that changes in personal valence *moderate* the relationship between change in organizational valence and change in organizational identification and attachment (see Figures 1-3 for the conceptual models). Our study contributes to the M&A field's theoretical development by integrating the personal and organizational valence constructs with organizational identification and attachment outcomes and by comparing these three alternative theoretical models' explanations of how these constructs evolve during M&A.

Insert Figures 1, 2 and 3 about here

Our study also contributes to the M&A literature empirically. Although organizational mergers affect employees dramatically, often over a long period of months and years, employees' responses to them are infrequently captured in a repeated measures design over time during the course of a corporate merger (notable exceptions include Gleibs, Mummendey, & Noack, 2008; Kavanagh & Ashkanasy, 2006; Rafferty & Restubog, 2009; Schweiger & Denisi, 1991, Väänänen, Pahkin, Kalimo, & Buunk, 2004). While many previous empirical tests of

theoretical M&A models involve mediators such as organizational identification, testing mediation using cross-sectional data has been found to be potentially biased, with estimates of longitudinal parameters often being misleading (Maxwell & Cole, 2007; Maxwell, Cole, & Mitchell, 2011). This study addresses these shortcomings by gathering repeated measures through survey responses and archival data at the individual employee level in a pre-post design involving 599 employees in a corporate environment. We use latent difference score (LDS) models and survival analysis to examine how intraindividual change in organizational and personal valence affects intraindividual change in organizational identification and attachment, including subsequent voluntary turnover, in the 15 months following a merger.

Conceptualizing Organizational and Personal Valence

Integrating the literatures on mergers and acquisitions and on organizational change suggests that employee reactions to large-scale organizational change are shaped critically by their assessment of how the change affects both their organization as well as them personally (Oreg et al., 2011; Vakola et al., 2013). These two assessments are captured by the distinction between the organizational valence and personal valence meta-constructs (Holt et al., 2007). We now turn to describing these meta-constructs; while we cannot collect and test every construct and operationalization included in these broad meta-constructs, we explain our choices below.

Organizational valence

Organizational valence is defined in the organizational change literature as the extent to which an employee believes that a change effort will result in benefits to the organization (Holt et al., 2007). Two evaluations have been consistently associated with organizational valence perceptions, with one being more prominent in the M&A literature and the other in the organizational change literature. In the M&A literature, perceptions of how a merger will affect

the *status*, or overall prestige, of an organization have been shown to be critical in shaping employee reactions to mergers (see Giessner et al., 2012, for a recent review). In the organizational change literature, perceptions of *appropriateness*, or the belief that a specific change is beneficial and appropriate for the organization as a whole, have often been used to capture organizational valence (e.g., Armenakis, Bernerth, Pitts, & Walker, 2007; Cole, Harris, & Bernerth, 2006; Holt & Vardaman, 2013). We therefore conceive of organizational valence as the extent to which employees perceive a merger to be both beneficial to their organization's status as well as appropriate and beneficial for the organization as a whole.

Mergers create a new superordinate organizational membership for employees (Giessner et al., 2012), spurring them to decide what implications this new membership has for their self-concept. Comparisons between the previous legacy organization and the newly-merged organization become salient and help to determine employees' M&A reactions (Terry, Carey, & Callan, 2001). Perceiving that their new organizational membership is an improvement over membership in their prior legacy organization (i.e., a positive merger-related organizational valence) can positively affect employee responses to mergers (Terry et al., 2001), including improving their identification with the post-merger organization (e.g., Gleibs et al., 2008; Amiot, Terry, & Callan, 2007) and increasing their attachment (e.g., van Dick et al., 2006).

Personal valence

In addition to organizational valence cognitions, dramatic organizational change can evoke heightened personal valence concerns as employees worry about job loss (Marks, 2005), uncertainty about their ability to perform in new roles, changes in the fairness of their rewards, and loss of power or influence (van Dick et al., 2006). Personal valence is a meta-construct that describes the extent to which employees believe merger-related organizational change to be

beneficial for them personally. Employees evaluate each merger-related change as a personal benefit (e.g., strengthening influence or job security) or a cost (e.g., an unfair reduction in pay) which relates to an increase or decrease in personal valence; from an exchange theory perspective, this personal valence evaluation is the basis for employees' change reactions during a merger. As a meta-construct, personal valence can be construed very broadly, but it is generally viewed in the organizational change literature as comprising the following constructs that are directly relevant to the type of large-scale change represented by M&As: job security, job continuity, distributive justice, and personal status (Oreg et al., 2011; Vakola et al., 2013), as described below.

M&As tend to decrease *job security*; employees feel uncertain regarding how the organization will change and if the new structure will still have a role for them to fill. Such downsizing concerns increase stress, are distractions from the job (Jordan, Ashkanasy, & Hartel, 2002), and are generally considered personal costs. In contrast, retaining or increasing job security in a time of radical change can provide employees with great comfort, and would constitute positive personal valence.

Even if employees believe that their job is secure, they might feel uncertain as to whether and how their job will change. *Job continuity*² relates to the changes a merger or acquisition has on employees' personal routines and job activities (van Dick et al., 2006). In large-scale M&As, many employees will experience dramatic job changes, while others' jobs will remain relatively stable. These expected or experienced changes to individuals' daily work life are perceived as costs by employees because they require extra time and effort for the employees to adapt to them, and they elicit uncertainty regarding how well employees can perform in their altered future roles. On the other hand, a sense of continuity in the daily work life of those undergoing a

merger is likely to be perceived as beneficial to employees' sense of safety and stability. Thus, job continuity is viewed positively in terms of employees' positive personal valence (Bartels, Douwes, de Jong, & Pruyn, 2006).

Even if employees keep their jobs and their jobs remain relatively stable, they might be concerned that the fairness of their reward structure will be threatened in the newly-merged organization. *Distributive justice* relates to the perception that rewards are distributed fairly relative to individuals' inputs (Greenberg, 1987). As decisions are made about resource allocations during the course of a merger or acquisition, perceptions of unfair changes in these allocations are interpreted as a cost to employees because of the negative impact on them personally (Meyer, 2001). Alternatively, the maintenance or enhancement of distributive justice during a merger is seen as a benefit by employees, and thus as positive personal valence³.

Finally, even in a situation where the objective aspects of the job and reward structure remain static for individuals, if they gain or lose status relative to others around them, it can affect their M&A response. *Personal status*, or formal and informal sources of relative standing and influence, are important assets for employees in a firm (Magee & Galinsky, 2008; Cowen, 2012). M&As can alter the objective rank ordering of individuals within the newly-merged firm or the dimensions by which status is determined (e.g., by promoting some individuals over others in the formal hierarchy). Individuals perceiving higher potential status and influence in the newly-merged organization are likely to see this as a benefit of the change, and thus as positive personal valence, while those perceiving potential status threats will see it as a cost.

We must acknowledge that alternative operationalizations of the meta-constructs we described above are possible. While our conceptualization of the constructs that comprise both organizational valence and personal valence was theoretically driven and based in previous

literature, this does not preclude the possibility of equally valid alternative conceptualizations from existing. For example, the manner in which the two organizations merge (Giessner, Viki, Otten, Terry, & Täuber, 2006) or how permeable employees believe pre-merger organizational groups to be (Terry et al., 2001) might also be conceptualized as organizational valence perceptions, and their inclusion might alter the models and results we will detail below.

Alternative Models and Hypotheses

We now turn to exploring three alternative theoretically-derived models addressing the potential relationships among personal valence, organizational valence, organizational identification, and organizational attachment (including voluntary turnover) during M&A. Our goal is to conduct an empirical model comparison employing a goodness-of-fit approach to more clearly understand these theoretical relationships. We use latent difference scores in an SEM framework⁴ to identify the most parsimonious model for explaining the sample covariance between our variables (McArdle & Hamagami, 2001). We acknowledge that our model comparison approach might not be able to completely rule out any of the models we explore because one model is partially nested in another, but our approach provides valuable information on each model's relative strength in explaining employees' changing merger responses, which in turn tells us when and how a particular theory can be applied in M&A research and practice.

Model 1: Distinct predictor model of employee response

Organizational identity scholars have long argued that the organizational identification construct is separate and distinct from attitudinal constructs, even those that appear to have significant conceptual overlap with it (Ashforth, Harrison, & Corley, 2008; Pratt, 1998; Riketta, 2005). In this vein, the first model (Figure 1) is based on the premise that organizational identification and organizational attachment are conceptually distinct and therefore have

different antecedents. Organizational identification is conceptualized as a form of social identification reflecting individuals' willingness to define themselves in terms of their membership in an organization (Ashforth & Mael, 1989; Hogg & Terry, 2000). According to SIT, individuals classify themselves into various social categories, including those derived through organizational membership, which form the basis of their social identity (Tajfel & Turner, 1986); this, in concert with personal identity, informs one's self-concept. Individuals are inherently motivated to maintain a positive self-concept, which is largely derived from the status or prestige of the group to which they belong (Tajfel & Turner, 1979). Issues of organizational status and prestige commonly arise in the context of mergers and acquisitions, due typically to status differences between the merging organizations (van Oudenhoven & de Boer, 1995). This makes salient the question of how the newly merged organization's status will differ from that of each of the pre-merger organizations. Since self-concept is impacted by their group's perceived standing relative to other groups, individuals aspire to belong to groups that compare favorably on such dimensions as status, power, productivity, prosperity, and economic competitiveness (Ashforth & Mael, 1989; Boen, Vanbeselaere, & Cool, 2006; Sachdev & Bourhis, 1991). Employees will thus be attentive to their organization's relative standing (de Cremer & van Vugt, 1999; Haslam & Platow, 2001). The newly-merged organization represents a superordinate group classification from which the employees of each pre-merger organization can derive a new social identity. If employees perceive that the merged organization operates at a higher level of status and performance than their pre-merger organization (i.e., organizational valence has increased), they will be more likely to identify with the merged organization since it represents an enhancement to their own self-concept. The direct correspondence between organizational valence issues and organizational identification is succinctly summarized by Ashforth and

colleagues: "...because [organizational identification] involves defining oneself in terms of the organization's identity, as the organization goes, so goes the individual" (2008: 333). They proceed to argue that certain attitudes do not have the strong visceral component that identification has, and are therefore more likely to be detached from issues related to the organization's fate. This reasoning suggests that organizational valence's impact will be on organizational identification rather than job attitudes associated with organizational attachment.

The antecedents of attitudinal constructs associated with organizational attachment, in contrast, are typically based on the work environment and characteristics of employees' organizational roles (Loher, Noe, Moeller, & Fitzgerald, 1985; Williams & Hazer, 1986), as well as on the quality of their exchange relationship with the organization (Rhoades & Eisenberger, 2002; Rousseau, 2011). As such, we expect change in these factors to be related to change in organizational attachment attitudes. Each of the four personal valence constructs are connected to work role characteristics or the employee-employer exchange relationship in the following ways: Job security is a fundamental component of an employee's psychological contract with their employer and is positively related to an employee's choice to remain with an organization (Rousseau, 1990). Job security is therefore an obligation that employers are responsible for providing in exchange for an employee's continued attachment to the organization. Job continuity relates directly to the characteristics and continuity of an employee's work role. Discontinuity in one's work role as a result of organizational change can trigger negative emotions, such as stress, fear, and insecurity (Bartunek, 1984), and lead to resistance to the change (Labianca, Gray, & Brass, 2000). In contrast, job continuity during merger is likely to result in increased organizational attachment. Perceived alterations to the fairness of rewards might also affect employee responses. Distributive justice perceptions have long been linked to

the exchange contract between an employee and employer (Adams, 1965). Employees perceive organizational justice threats as exchange violations, and that these violations undermine employee attachment (Biggane, Allen, Amis, Fugate, & Steinbauer, 2016; Lavelle, Rupp, & Brockner, 2007; Tekleab, Takeuchi, & Taylor, 2005). Personal status also relates to fundamental components of an employee's psychological contract with the organization. Employees expect a certain degree of career progression and professional status in exchange for their attachment (Rousseau, 1990; Weiss, Nicholas, & Daus, 1999). When an employee's personal status is threatened, it is therefore perceived as a failure on the organization's part to uphold its end of the exchange relationship. Given the direct relationships between the personal valence constructs and issues surrounding social exchange and work roles, we expect a direct relationship between increasing personal valence and increasing organizational attachment attitudes and behaviors (van Knippenberg & Sleebos, 2006).

Thus, the fundamental difference between organizational identification and organizational attachment is that the former emphasizes self-definition, while the latter focuses on social exchange (van Knippenberg & Sleebos, 2006). This distinct predictor model's logic is therefore based on the proposition that organizational valence factors, which are related to a positive social identity, will be predictive of change in organizational identification, while personal valence factors, which are most indicative of positive social exchange, will relate to change in organizational attachment⁵:

H1: Intraindividual increases in perceived organizational valence are positively related to intraindividual increases in organizational identification.

H2a and H2b: Intraindividual increases in perceived personal valence (i.e., job security, job continuity, distributive justice, and personal status) are positively related to intraindividual

increases in job satisfaction and intentions to stay.

H2c: Intraindividual increases in perceived personal valence reduce the likelihood of voluntary turnover.

Model 2: Identification-mediated model of employee response

The second model (Figure 2) is based on the logic of the group engagement model (Tyler & Blader, 2003), which is an extension of social identity theory. Although the full model has rarely been tested empirically in the context of longitudinal corporate M&A, insights from it have been applied in previous merger studies (Lipponen, Olkkonen, & Moilanen, 2004). It is particularly relevant because it explicitly acknowledges the importance of both organizational valence as well as personal valence. The model's primary objective is to understand the factors that influence the relationships that individuals form with the groups or organizations to which they belong (Tyler & Blader, 2003). The group engagement model is rooted in the notion that perceptions of social justice cause a series of cognitive assessments that ultimately lead to positive behaviors and attitudes, such as job satisfaction and the intention to stay. The model's core argument is that the degree to which individuals identify with their group is the fundamental driver of the degree to which they engage themselves with the group and develop positive attitudes and behaviors towards the group (Tyler & Blader, 2000).

The model suggests that there are two primary antecedents to identification: (1) the group's overall status (i.e., an aspect of organizational valence); and (2) the individual's own position within the group (i.e., an aspect of personal valence). The argument is that individuals are more likely to merge their identity with a group when they personally have high status or respect within a group that itself has high status or prestige, because such conditions are likely to engender positive feelings of self-worth (Tyler, DeGoe, & Smith, 1996) and facilitate

maintaining a positive social identity. Unlike the distinct predictor model, this model predicts that the relationship between change in perceptions of organizational and personal valence and change in employee attachment attitudes and behaviors will be fully mediated by change in organizational identification. Applying the general logic of the group engagement model to the constructs of concern in this study leads to the following hypotheses:

H3a and H3b: The positive relationships between intraindividual increases in perceived organizational valence and intraindividual increases in job satisfaction and intentions to stay are fully mediated by intraindividual increases in organizational identification.

H3c: The relationship between intraindividual increases in perceived organizational valence and reduced likelihood of voluntary turnover is fully mediated by increases in organizational identification.

H4a and H4b: The positive relationships between intraindividual increases in each of the perceived personal valence constructs (i.e., job security, job continuity, distributive justice, and personal status) and intraindividual increases in job satisfaction and intentions to stay are fully mediated by intraindividual increases in organizational identification.

H4c: The negative relationship between intraindividual increases in perceived personal valence and voluntary turnover is fully mediated by increases in organizational identification.

Model 3: Moderated model of employee response

Social identity theory (SIT) suggests that organizational valence has critical ramifications for both organizational identification as well as attachment (Ashforth & Mael, 1989). Critics, however, have argued that theorizing based on SIT can sometimes lead to an overly-narrow focus on organizational valence issues (e.g., group status), while under-emphasizing the importance of personal valence perceptions. Recent research suggests that we should consider

both organizational valence and personal valence issues when assessing outcomes (Alicke, Zell, & Bloom, 2010; Zell & Alicke, 2009). Seta and Seta (1996), for example, argue that while group status is a critical antecedent to positive individual outcomes, the relevance of personal valence must also be acknowledged. Specifically, they suggest that one's personal standing within a group is an important factor to consider along with the overall prestige of the group and that personal valence can *attenuate* or *amplify* the effects of group status on individual outcomes. Others have similarly explored the contingent effects of both personal valence and organizational valence on attitudes towards groups (Smith & Tyler, 1997). Our third model (Figure 3) therefore incorporates insights from both SIT--that organizational valence will have a direct effect on employee identification and attachment--as well as from the organizational change literature, which focuses on the importance of individuals' assessments of their personal valence in shaping how they react to a major organizational change (e.g., Armenakis et al., 2007; Holt et al., 2007). It suggests that increases in personal valence moderate the positive relationship between increases in organizational valence and increases in both organizational identification and organizational attachment such that the effect of organizational valence is stronger if an employee has also experienced increased personal valence during the merger.

H5. The positive relationship between intraindividual increases in organizational valence and intraindividual increases in organizational identification is moderated by intraindividual increases in personal valence variables (i.e., job security, job continuity, distributive justice, and personal status) such that the relationship is stronger as each personal valence variable increases.

H6a and H6b. The positive relationship between intraindividual increases in organizational valence and intraindividual increases in job satisfaction and intention to stay is moderated by

intraindividual increases in personal valence such that these relationships are stronger as each personal valence variable increases.

H6c. The relationship between intraindividual increases in perceived organizational valence and reduced likelihood of voluntary turnover is moderated by personal valence such that the relationship is stronger with higher personal valence.

Method

Research Setting

Luxury, Inc. and Standard, Inc. were two rival U.S. consumer goods manufacturing firms. Standard's products ranged from very basic to above average, but it could not penetrate the high end of this traditionally staid industry. Luxury, in contrast, had created this industry's first major innovation in decades and had parlayed that into a high-status position as its most profitable and differentiated competitor. In a span of two decades, it had become the industry's largest and fastest-growing company. However, once Luxury, Inc. had gone public, it could no longer pursue a focused differentiation strategy of merely offering luxury products at 5-10 times the price of its competitors if it wished to continue growing in a manner that would satisfy its shareholders. Luxury first attempted to manufacture a line that was only twice as expensive as its competitors, but fearful of harming its strong brand image, Luxury later decided to acquire an existing competitor and its brands covering the market's lower end. Luxury's top management team approached the slightly smaller Standard to propose an acquisition, which was accepted in principle and announced publicly in Fall 2012. After intense negotiation, due diligence, and governmental approval, the new Luxury Standard, Inc. was officially born in mid-March 2013. The new firm offered the widest range of basic to luxury products in the industry and adopted a broad differentiation strategy--in addition to covering the entire product range, it would innovate

across its entire product line faster than its remaining competitors in order to maintain a superior market position. While there had been some public suggestion that this was a merger of equals (much like the Daimler-Chrysler merger), it was evident that Luxury had bought Standard, that Luxury was in the stronger position financially, and that Luxury was the “big brother.” The new corporate headquarters were located in Luxury’s former headquarters, requiring Standard executives who were retained to move out-of-state; subsequently most of the legacy Standard executives left or retired within a year of the acquisition closing. Applying the merger pattern taxonomy of Giessner and colleagues (e.g., Giessner et al., 2006; Gleibs, Täuber, Viki, & Giessner, 2013) to this merger, we consider it to fit the *integration-proportionality* pattern wherein both merger partners are represented in the newly-merged organization, but one merger partner (Luxury, in this case) is clearly the dominant partner in the integration.

Both legacy firms were organized by function, as was the newly-combined organization. Each function in Luxury had a counterpart function in Standard, and top management encouraged them to reach out to their counterparts in an attempt to work together better. When the acquisition was announced initially, many employees in both organizations worried that there would be significant downsizing. However, management reassured them that because there was little overlap in their product categories or in the manner in which the products were manufactured, there was little to gain by rationalizing the workforces. Instead, management emphasized the need to share technology across the two legacy firms to create new, unique, hybrid products that were differentiated within the industry, and the need to use their newfound market position to create better deals with retailers. Employees were initially skeptical about the lack of downsizing and were concerned about their job security. Some left of their own accord, while others were terminated for performance-related reasons. This initial period saw the payroll

shrink slightly. However, employees eventually realized that the firm was continuing to grow rapidly and that the merger brought with it the need for more employees, rather than downsizing. By the end of the study period, the number of employees exceeded the pre-merger number.

Our research team was granted broad access to study the merger in Fall 2012, including all archival materials, top management team interviews, observing company meetings, as well as permission to survey the entire population of Luxury Standard employees. The present study is the first study from this much larger data collection, which was approved by the Institutional Review Board (other studies are as yet unpublished). In return for research access, we designed a custom survey assessing employee engagement and merger success that was administered twice (June 2013 and June 2014); we reported aggregate results to the organization as part of their organizational development process. As with most large mergers and acquisitions, even 15 months after the new \$3 billion company came into being, the integration was still ongoing. While some functions such as information technology had become fairly integrated across the two companies by late 2013, other functions such as customer service were only very loosely integrated by the summer of 2014 and it was anticipated that it would be at least another full year prior to the integration's completion.

Sample and Procedures

There were four major constituencies in Luxury Standard: professionals embedded in functions, hourly manufacturing plant workers, North American sales people, and other sales people world-wide. Because the integration mainly affected the professionals embedded in functions that had previously been separated at Luxury and Standard, we focused our most extensive survey on those functional professionals. The initial survey was administered in June 2013. It covered employee engagement, attachment and turnover intentions, as well as merger

reactions. While the merger began officially in mid-March, it had not yet begun to affect most of the organization by the time of the survey. The subsequent survey was administered to the same set of professional employees one year later in June 2014, by which time the entire professional organization had been affected by the merger. All respondents were regular, full-time employees. A total of 790 functional professionals were available to take the survey in both years. Of these 599 participated (76%).

Measures

Respondents were asked to indicate their attitudes and perceptions in the workplace on a 7-point Likert scale (1 = Strongly Disagree to 7 = Strongly Agree, unless otherwise indicated). Averages were used for all multi-item scales, unless otherwise noted.

Organizational identification [*Pre-merger (2013) vs. post-merger (2014) organizational identification*]. Employees' organizational identification was assessed both in 2013 and 2014 with a four-item scale adapted from Mael and Tetrick (1992). In 2013, we asked each legacy organization's (i.e., Luxury's or Standard's) respondents to report on their pre-merger identification with their legacy organization (e.g., "When someone criticized Luxury (Standard), it felt like a personal insult"). In 2014, the focus of identification was updated to the post-merger organization: Luxury Standard (e.g., "When someone criticizes Luxury Standard, it feels like a personal insult"). As such, this measures the change in identification with the organization in which they are legally employed. Cronbach's alpha was 0.88 for pre-merger organizational identification and 0.89 for post-merger organizational identification.

Organizational attachment. Organizational attachment is a meta-construct that subsumes job satisfaction, intention to stay, turnover, and absenteeism (Lee & Mitchell, 1994b). Given the professional setting, absenteeism was not an issue, was not tracked by the

organization, and, thus, was excluded from the study.

Job satisfaction (2013 and 2014). Cammann, Fichman, Jenkins, and Klesh's (1983) three-item job satisfaction scale was used. A sample item was, "All in all, I am satisfied with my job;" (2013 $\alpha = .90$; 2014 $\alpha = .88$).

Intention to stay (2013 and 2014). Cammann et al.'s (1983) three-item turnover intention scale was reverse coded as intention to stay. A sample item was, "I plan to look for a new job in the next year (reverse coded);" (2013 $\alpha = .91$; 2014 $\alpha = .92$).

Voluntary turnover. Luxury Standard's HR department provided the employee turnover data covering the period from March, 2013 to September, 2014. This included turnover date and whether the professional's turnover was voluntarily initiated or whether the employee was involuntarily terminated. We focused on voluntary turnover, and excluded post-merger hires who turned over in the study period because our theorizing related to pre-post merger change and they had not experienced the pre-merger legacy organizations.

Organizational valence. We measured organizational valence with a five-item scale adapted from the Readiness for Organizational Change Scale (Holt et al., 2007) tapping perceived merger appropriateness from a performance and organizational status perspective. In June 2013, respondents compared their legacy organization's pre-merger status with the other legacy organization's. Thus, employees answered the question "Compared with Luxury (Standard), I consider Standard (Luxury) to be..." on a 7-point Likert scale where 1 = Much lower in status and 7 = Much higher in status. In June 2014, respondents compared their legacy organization's pre-merger status with the combined organization's post-merger status. Standard (Luxury) legacy employees answered the question, "Compared with the old Standard (Luxury) Inc., I consider the newly-combined Luxury Standard Inc. to be..." on a 7-point Likert scale

where 1 = Much lower in status and 7 = Much higher in status. As such, this measures the perceived change in status of the organization in which they are legally employed. The other four questions assessed perceived merger appropriateness in 2013 and 2014, and were: 1) “I think that the organization will (has) benefitted from its combination with Luxury (Standard)”;

2) “It doesn’t (didn’t) make much sense for us to combine with Luxury (Standard)” (reverse coded);

3) “There are (were) legitimate reasons for us to combine with Luxury (Standard);” and

4) “The Luxury Standard combination will (has) improve(d) the organization’s overall performance.”

Confirmatory factor analysis of the five-item scale demonstrated good fit for a single factor model ($\chi^2(5) = 54.33, p < .001, CFI = .97, RMSEA = .11, SRMR = .04$). Reliability was good in both years (2013 $\alpha = .76$; 2014 $\alpha = .90$).

Personal valence. The variables encompassing personal valence were also derived from previous empirical work within the broader organizational change literature, studying employees' perception of change-related benefit/harm to them personally (for reviews, see Oreg et al., 2011; Vakola et al., 2013).

Job security (2013 and 2014). We used a two-item scale adapted from van Dick and colleagues (2006) to assess respondent’s perceived *job security*: 1) “I am afraid of losing my job in the near future” (reverse coded) and 2) “I am satisfied with the amount of job security I have.” (2013 $\alpha = .80$; 2014 $\alpha = .81$).

Job continuity (2013 and 2014). Job continuity captures whether respondents’ job-related environment was expected to change after the merger (2013), and whether it had changed after the merger (2014). Three items from van Dick et al. (2006) were used: 1) “The Luxury Standard combination will have (has had) no impact on my routine work;” 2) “I do not feel personally affected by the Luxury Standard combination;” and 3) “With regard to my team/department,

nothing will change (has changed) as a result of the Luxury Standard combination” (2013 $\alpha = .81$; 2014 $\alpha = .81$).

Distributive justice (2013 and 2014). Niehoff and Moorman’s (1993) three-item scale was adapted to assess perceived distributive justice in the combined organization. Respondents evaluated the fairness of their level of pay, workload, and job responsibilities. A sample question is “My level of pay in the newly-combined organization is fair” (2013 $\alpha = .76$; 2014 $\alpha = .73$).

Personal status in organization (2013 and 2014). Employees were asked how much informal influence and formal authority over decisions they had personally. In 2013, respondents reported their expectations about how much informal and formal influence they expected to have in the newly-combined organization (i.e. *personal status expectations*; $\alpha = .94$). Finally, respondents reevaluated their personal status in 2014 (*post-merger personal status*; $\alpha = .93$).

Control variables. We controlled for the following variables in all analyses⁶:

Functional integration order. Each employee was a member of one of the 18 major organizational functions. Some functions were required to merge more than a year earlier than others, which might affect employees’ merger reactions. Functional integration order was provided by the key HR executive tasked with leading the integration and verified by archival materials provided. Functions integrated during one of three time periods: 1) immediately after the merger was officially ratified (e.g., HR and IT; 120 employees total); 2) three-to-nine months after ratification (e.g., Forecasting and Planning; 366 employees total); or 3) the integration was still ongoing at the time of the 2014 survey (e.g., Customer Service; 329 employees total). We accounted for this with two dummy variables: *First integration* is coded as 1 when the respondent’s function was integrated during the first time period, and *Second integration* is coded as 1 for the functions integrated during the second time period.

Individual performance. HR provided supervisor-rated performance on a 5-point scale for each employee; higher ratings indicated better performance. We used 2012 performance ratings because they were the last employee evaluations before the merger was ratified in March 2013, and might have had an impact on their perceptions (ratings were conducted in December 2012 and shared with employees in February 2013). The average rating was 3.86.

Pre-merger personal status (2013). In 2013, employees were asked two items to capture their *pre-merger personal status* in their legacy organization: 1) “Before the combination, I had informal influence over decisions that were made” and 2) “Before the combination, I had formal authority over decisions that were made” ($\alpha = .93$).

Initial levels of time-varying predictor variables. Our hypotheses involve intraindividual change in perceptions of a merger’s impact leading to change in organizational identification and attachment. Past research has found that the *initial levels* of the constructs can determine changes in outcomes (e.g., Ployhart, Cooper-Thomas, & Anderson, 2011; Hausknecht, Sturman, & Roberson, 2011). We, therefore, control for the initial levels of all predictor variables.

Analyses and Hypothesis Testing

Modeling difference scores directly is considered unreliable. Among other issues, the difference score represents not only the true change, but also changes in measurement error (Henk & Castro-Schilo, 2015). Thus, we tested our hypotheses regarding independent and dependent variable change scores using latent difference score (LDS) models estimating variances separately, allowing for a reliable estimate of intraindividual change (McArdle & Hamagami, 2001; Newsom, 2015; Gollwitzer, Christ, & Lemmer, 2014). An example of the LDS models used in this paper, adapted from Newsom (2015), is shown in Figure 4. The autoregressive path from the 2013 to 2014 observations is fixed to 1, ensuring the change

between time points is expressed entirely in the latent difference construct rather than this regression path. The mean interindividual change (μ_{Δ}), the differences in interindividual change (σ^2_{Δ}), and the covariance between the baseline scores and change ($\sigma_{2013,\Delta}$) are estimated separately instead of being rolled into the intraindividual difference score. Our hypotheses are then tested by examining the estimates and standard errors of the estimated regression coefficients ($\beta_{\Delta\text{ind},\Delta\text{dep}}$) between the various latent difference scores. Thus, this approach partialled out potential sources of error and enabled us to reliably test our intraindividual change hypotheses using the two waves of data.

The identification-mediated model (Model 2) was tested by using the latent difference scores as mediators in a structural model. The hypotheses suggested a fully mediated model; however our analyses controlled also for direct relationships by including both the indirect and direct structural paths in the model (Von Soest & Hagtvet, 2011), effectively testing for the possibility of partial mediation as well. We examined the magnitude and significance of the paths, as well as the model fit, to determine the mediation results.

Interaction effects (H5-H6) were estimated by creating new exogenous variables at each time point (Li, Duncan, & Acock, 2000). To ensure complete orthogonality between the interacting variables, the personal valence variables were first residual-centered relative to organizational valence within each time point (Geldhof, Pornprasertmanit, Schoemann, & Little, 2013). Then the personal valence and organizational valence variables were multiplied within each time point, which created a new exogenous variable for each occasion (e.g., organizational valence in 2013 x job security in 2013). A latent difference score was created using the same approach described above using these new exogenous variables. The LDS for the interaction was then used in the models similar to other estimated LDSs.

We employed model fits to compare the three theoretical models, using standardized root mean square residual (SRMR), chi-squared difference tests, and the Akaike Information Criterion (AIC). The SRMR fit index is used because of the highly complex models we examine and our large sample size. SRMR does not punish for additional model complexity, and the biases inherent to SRMR are not as prevalent with a large sample size. We used a SRMR cutoff of 0.08 or less (Hu & Bentler, 1999). We also considered the comparative fit index (CFI), defining an acceptable fit as greater than 0.90 (Bentler, 1990), and the root mean squared error of approximation (RMSEA), with acceptable fits at values less than 0.10 (Browne & Cudeck, 1993). The 95% confidence intervals for RMSEA are reported in the tables. To compare the quality and parsimony of non-nested models, we used the Akaike Information Criterion (AIC), which penalizes for the number of free parameters. AIC is useful for comparing Model 3 against Models 1 and 2 because a chi-squared difference test cannot be used to compare models with different exogenous variables. Finally we used a chi-squared difference test to compare the nested distinct predictor model (Model 1) and the identification-mediated model (Model 2). We estimated the models using the *lavaan* package in R (Rosseel, 2012).

To minimize potential Type 1 errors (false positives), we adjusted our significance criteria in the LDS analyses using a Bonferroni correction (Bonferroni, 1935). There are 59 different hypothesis tests being performed in our LDS, which increases the likelihood of a Type 1 error. Using a standard 95% confidence interval, or a p-value of 0.05, we adjusted the criteria to a cutoff of $0.05/59$ (0.00085). The p-values are not reported for tests involving the LDS models in the results section. Results are reported as significant when the p-value is less than this Bonferroni-corrected criterion. There are far fewer tests in the turnover models and the mediation model of turnover, so the Bonferroni correction was unnecessary for those models.

Insert Figure 4 about here

Our turnover data is modeled as time-to-event, in this case time from the two companies' integration in March 2013 to the employee's voluntary turnover date. Survival analysis accurately models the time interval between the merger and turnover events--an aspect that would be overlooked with techniques such as logistic regression. For the distinct predictor and moderated models of employee response (Models 1 and 3), we use a Cox proportional hazard model survival analysis to estimate the relative odds of turning over. To test the identification-mediated model of employee response (Model 2), we use Lange and Hansen's (2011) approach to test indirect effects and use an Aalen additive hazard model. We report the estimated exponentials for survival analysis.

Results

Descriptives and Correlations

Table 1 reports our descriptive statistics and correlations. There were 1,118 professional employees who received the online survey in 2013 and 996 in 2014. Among them, 908 responded in 2013 (81% response rate), and 830 in 2014 (83% response rate). There were 790 employees available to take the survey in both years and, of those, 599 responded both years (76% pre-post response rate). Respondents' ages ranged from 19 to 81 ($M = 45.0$) and organizational tenure from less than a year to 47 years ($M = 9.33$ years). Respondents were 60% male; 56% were Standard legacy employees and 44% were Luxury legacy employees. About 14% of the respondents were managers in 2013; in 2014, 15% were managers. There were no significant differences between respondents and non-respondents in these categories.

Our turnover analyses focused on the 149 professional employees who left the

organization during the study. Of these, 92 were terminated and 57 left voluntarily. T-tests revealed that employees who left voluntarily were similar to those remaining with regard to the following categories: organizational tenure (8.7 vs. 7.1 years), gender (58.5% vs. 58.0% male), and legacy (proportion of Standard legacy employees: 54.8% vs. 55.6%). Those leaving voluntarily tended to be younger than those who stayed (41.0 vs. 44.7 years). Managers were not significantly more likely to leave voluntarily.

Insert Tables 1 and 2 about here

Discriminant Validity and Measurement Invariance

Since we measured a large number of constructs and variables, we tested discriminant validity between variables. An 8-factor model demonstrated the best fit (CFI=.977, TLI=.969, RMSEA=.040, SRMR=.036): Organizational valence perceptions (organizational status and merger appropriateness) combine to constitute a single construct; personal valence perceptions (job security, job continuity, distributive justice, and personal status) are best conceived as independent constructs; and organizational identification, job satisfaction and intention to stay are also separate constructs. Thus, while previous research considers personal valence and organizational attachment as meta-constructs, we find empirically that the constructs are best treated independently, as we do in the following analyses. Additionally, we tested and demonstrated strong measurement invariance within constructs over the two time periods following Cheung and Rensvold's (2002) procedure (see Table 2 for results).

Model 1: Distinct predictor model of employee response

Model 1 proposes that intraindividual increases in organizational identification are predicted by intraindividual increases in organizational valence (H1), while intraindividual

increases in organizational attachment (i.e. job satisfaction, intention to stay, and voluntary turnover) are predicted by intraindividual increases in personal valence (i.e., job security, job continuity, distributive justice, and personal status; H2a-c), and these two paths are largely independent. Table 3 reports the model results, which had an acceptable fit to the data, $\chi^2(69, N = 455) = 314.08, p < 0.001$; CFI = .934; RMSEA = .088; SRMR = .052.

Results suggested support for Hypothesis 1; intraindividual increases in organizational valence were significantly and positively associated with intraindividual increases in organizational identification, controlling for personal valence variables ($\beta = .25$). Consistent with the distinct predictor model, most of the personal valence constructs were not related to organizational identification (after the Bonferroni correction); the one exception was that increasing personal status perceptions led to increasing organizational identification ($\beta = .17$).

In Hypotheses 2a-c, we argued that intraindividual increases in personal valence were related to intraindividual increases in organizational attachment. As posited in Hypothesis 2a, increases in job security ($\beta = .32$), and distributive justice ($\beta = .44$) were positively and significantly related to increases in job satisfaction. As posited in Hypothesis 2b, increases in job security ($\beta = .29$) and distributive justice ($\beta = .50$) were positively and significantly related to increases in employees' intention to stay. Thus, intraindividual increases in personal valence were related to intraindividual increases in job satisfaction and intention to stay, as predicted. Consistent with the distinct predictor model, intraindividual increases in organizational valence were not significantly related to increases in either intention to stay or job satisfaction.

The survival analysis results predicting voluntary turnover (H2c) appear in Table 4. Results show that increased employee expectations of experiencing little merger-related job change (i.e., higher job continuity) was negatively associated with voluntary turnover ($\exp(\beta)$

= .56, $p < .01$). Thus, a one unit increase in perceived job continuity decreased the likelihood of turnover by approximately 44%. Intraindividual changes in organizational valence and other personal valence variables (i.e. job security, personal status, and distributive justice) were unrelated to voluntary turnover. Thus, Hypothesis 2c received only partial support.

Insert Tables 3 and 4 about here

Model 2: Identification-mediated model of employee response

Model 2 proposes that increasing intraindividual organizational identification mediates the relationships between organizational valence and organizational attachment (H3a-c), and between personal valence and organizational attachment (H4a-c). Results of the latent difference score models shown in Table 5 indicated acceptable model fit, $\chi^2(67, N = 455) = 269.98, p < 0.001$; CFI = .945; RMSEA = .082; SRMR = .052. In assessing the structural model, the paths suggested by Hypotheses 3a and 3b were supported. Intraindividual increases in organizational identification were related to increases in job satisfaction ($\beta = 0.20$) and to increases in intention to stay ($\beta = 0.32$). Additionally, the path from organizational valence to organizational identification was significant and positive ($\beta = 0.25$) suggesting that intraindividual increases in organizational identification mediate the relationship between individuals' increases in organizational valence and organizational attachment (i.e. job satisfaction and intention to stay). The paths suggested by Hypotheses 4a and 4b, however, received little support. None of the paths from intraindividual increases in personal valence led to significant increases in organizational identification, except again for increases in personal status perceptions ($\beta = 0.17$).

The results of the survival analysis shown in Table 6 provide no support for Hypotheses 3c and 4c. Positive organizational valence significantly predicted organizational identification (β

= 0.29, $p < .001$), and distributive justice and personal status were also significantly related to organizational identification ($\beta = 0.22$, $p < .001$; $\beta = -0.08$, $p < .05$, respectively). However, organizational identification did not have a significant impact on the likelihood of voluntary turnover when organizational valence and personal valence were included in the model ($\beta = -5.72 * 10^{-4}$, *ns*), suggesting there is no mediation.

Overall, these results suggest that the relationship between intraindividual increases in organizational valence and organizational attachment (i.e., increases in job satisfaction and increases in intention to stay) is fully mediated by increases in organizational identification. This result is consistent with past research incorporating the group engagement model (e.g., Amiot et al., 2007; Blader & Tyler, 2009; Edwards & Peccei, 2010). We found little evidence, however, to suggest that increases to organizational identification mediate the relationship between increases in personal valence and organizational attachment. Among personal valence variables, only increases in personal status perceptions influence increases in organizational attachment (job satisfaction and intention to stay) through organizational identification.

Insert Tables 5 and 6 about here

Model 3: Moderated model of employee response

Model 3 (H5, H6a-c) proposes that intraindividual increases in personal valence moderate the relationship between increases in organizational valence and organizational identification, and between increases in organizational valence and organizational attachment. We ran an LDS model to test Hypotheses 5 and 6a-b, which had only a marginal model fit, as summarized in Table 7: $\chi^2(155, N = 455) = 603.45$, $p < 0.001$; CFI = .894; RMSEA = .080; SRMR = .049. We found that intraindividual increases in organizational valence were significantly related to

increasing organizational identification ($\beta = .31$). However, none of the interaction terms (e.g., increases in personal valence x increases in organizational valence) were significantly related to increases in organizational identification. Therefore, we found no support for Hypothesis 5. In addition, we found no significant relationships between the interaction terms and increases in job satisfaction and intent to stay. Thus, we also found no support for Hypotheses 6a or 6b.

Results of the survival analysis testing Hypothesis 6c are summarized in Table 8. Hypothesis 6c suggests that personal valence at Time 1 (i.e., job security, job continuity, distributive justice, and personal status) moderates the relationship between increases in organizational valence and reduced likelihood of voluntary turnover. The results show Hypothesis 6c is not supported; none of the interaction terms hypothesized in Model 3 were statistically significant after applying the Bonferroni correction. In summary, we reject Model 3 (i.e., the moderated model) as a plausible alternative.

Insert Tables 7 and 8 about here

Model comparison

As stated in the introduction, our study's goal is to conduct a comparison of three alternative theoretically-derived models by employing a goodness-of-fit approach to gain a clearer understanding of the construct interrelationships. We compared the different SEM models using a combination of model fit, chi-squared difference tests, and AIC. All of our models met the criteria of a standardized root mean square residual (SRMR) less than 0.08. The models all showed very close fit, with an SRMR of 0.049 for Model 3 and 0.052 for Models 1 and 2. Using AIC, we find values of 22421, and 22380, and 32402, for Models 1, 2, and 3, respectively, suggesting Model 3 not be selected. Using the lowest AIC as a criterion, Model 2 (the

identification-mediated model) is the preferred choice. We couldn't compare Model 3 directly to Model 1 or Model 2 using a chi-squared difference test because Model 3 uses different exogenous variables. In comparing Model 1 and Model 2, there is a difference of 2 degrees of freedom and of 44.09 for the difference in chi-squared. The resulting test is significant, $\chi^2(2) = 44.21$, $p < 0.001$. Thus, using a chi-squared difference test, Model 2 is the best fit model. In summary, a combination of our three approaches suggests that Model 2 is the best model. The increased complexity from adding a mediation path to Model 1 (the distinct predictor model) significantly improves model fit and quality.

Emergent integrated model. While the overall fit for Model 2 is best, an examination of the various paths suggests an emergent integrated conceptual model that incorporates aspects of the distinct predictor model (Figure 1) and the identification-mediated model (Figure 2) is the most accurate description of merger responses. This model suggests: 1) intraindividual increases in organizational identification fully mediate the relationship between increases in organizational valence and organizational attachment; 2) increases in organizational identification also mediate the relationship between increases in personal status and organizational attachment; and, 3) the relationship between increases in our three remaining personal valence constructs (job security, job continuity, and distributive justice) and organizational attachment is a direct one, with no mediating mechanism. This emergent integrated model is conceptualized in Figure 5 (see Table 5 for results)^{7, 8}.

Insert Figure 5 about here

Discussion

As scholars look to the psychological and human factors that can increase the probability

of a merger's success, they have increasingly focused on the importance of employees' merger reactions, including employees developing stronger identification and attachment to their new organization, and reducing their voluntary turnover. In order to contribute a deeper understanding of the complex processes and theoretical underpinnings affecting employees' reactions to mergers and acquisitions, we empirically examined and compared three models with different conceptualizations of how organizational valence and personal valence impact organizational identification and organizational attachment: a distinct predictor model, an identification-mediated model, and a moderated model.

Our findings lead us to propose an emergent integrated theoretical model that incorporates elements of the identification-mediated model and the distinct predictor model. We found, as proposed in the identification-mediated model (Model 2), that changes in organizational identification mediate the relationship between organizational valence and organizational attachment as well as the relationship between personal status and organizational attachment. These results largely support the logic of the group engagement model (Tyler & Blader, 2000), which suggests that the overall status of an organization as well as an individual's position within the organization will affect organizational identification. It therefore appears that changes in perceptions of status, both organizational and personal, lead to changes in organizational identification. It also suggests that personal status might not be validly conceived of as a personal valence construct. Indeed, the other three of our personal valence constructs--job security, job continuity, and distributive justice--were directly related to organizational attachment outcomes and were not mediated by identification. This result coincides with the distinct predictor model (Model 1), which is based on the proposition that organizational identification and organizational attachment generally have distinct antecedents, with

organizational identification being influenced by factors that affect social identity and organizational attachment being affected by factors related to social exchange (Ashforth et al., 2008; Riketta, 2005; van Knippenberg & Sleebos, 2006). Taken together, our results suggest that 1) organizational valence and personal status relate to employees' social identity perceptions and therefore affect organizational identification; and, 2) job security, job continuity, and distributive justice relate to how employees perceive their social exchange relationship with the organization and therefore affect organizational attachment. Therefore, the emergent integrated model acknowledges the mediating role that change in organizational identification plays in certain pathways, while also recognizing that change in organizational identification and organizational attachment are independently affected by distinct antecedents. This emergent model suggests that both organizational valence and personal valence should be considered in research attempting to understand the complex processes explaining employee reactions to M&As.

Our study also shows that employees' decisions to voluntarily turnover exhibit a distinct pattern of association from the other organizational attachment variables. Specifically, job continuity was an important element in predicting actual turnover, but continuity did not affect employees' job satisfaction or intention to stay. This suggests that employees consider different elements when making decisions to quit as compared to forming attitudes toward the organization. Although job satisfaction and intention to stay are critical parts of the unfolding model of turnover (e.g., Lee & Mitchell, 1994a), neither predicted voluntary turnover in our study, suggesting that the unfolding model might not be most appropriate for M&A situations, and that employees' perceptions that their work role will change because of the merger is a more critical turnover determinant. Given the potential importance of minimizing voluntary turnover to a merger's success, these results warrant further theoretical and empirical study.

Our study's research design also contributes to organizational scholarship by better specifying the factors impacting individuals' merger reactions. A recent comprehensive review showed the vast majority of quantitative studies of employee reactions to organizational change from 1948 to 2010 were cross-sectional and many of the longitudinal studies could not analyze trends at the individual employee level because survey anonymity prohibited them from linking respondents' responses at multiple time points (Oreg et al., 2011). Almost all of these studies used single-source self-report data, with only seven studies using archival data. By collecting multi-source data and tracing employee reactions to an organizational merger over 15 months, we were better able to specify the theoretical pathways impacting employees' responses to this critical organizational phenomenon.

Limitations

Although our pre-post research design has advantages over the many cross-sectional studies that examine M&A and enabled us to examine linear change in our constructs of interest, the fact that we only collected data at two time points limited our ability to consider potential curvilinear or polynomial trends. While very difficult to accomplish in a corporate M&A setting, future research should consider examining these relationships over a longer period of time, with more observation points, to determine if the relationships uncovered in this study remain linear or exhibit a nonlinear pattern over an extended duration of study.

In addition, despite our relatively large sample and high response rate, this study is an examination of a single merger event between two companies. As such, generalizations to other types of organizations and industries are uncertain. Further, prior M&A research demonstrates that mergers can take on a number of distinct patterns, which differ based on the extent to which the pre-merger organizations are represented in the post-merger organization (Giessner et al.,

2006; Gleibs et al., 2013). For example, two merger partners might come together in a true “marriage of equals” with each partner having an equal amount of representation in the merged organization, or instead a dominant partner might completely absorb its merger partner such that the identity of the absorbed partner is not represented at all in the merged organization. Thus, the pattern that a given merger takes might influence employee identity and attachment dynamics in unique ways. Future research is therefore needed to see if our results generalize to organizations that are undergoing mergers that display different merger pattern characteristics or to organizations in different industries.

We acknowledge that alternative operationalizations of the personal valence and organizational valence meta-constructs might exist. Although the constructs we chose for this study were based on our reading of the M&A and organizational change literature, our operationalizations are not meant to be definitive. Future research might examine alternative constructs that are equally valid representations of these two meta-constructs (e.g., continuity of identity and legitimacy of intergroup relations as organizational valence constructs).

Finally, due to the longitudinal nature of the study, the pre- and post- measures of certain constructs (organizational identification, organizational status, and job continuity) were required by necessity to have slightly different wording. For example, pre-merger job continuity was measured by asking respondents to assess the likelihood that their job would change as a result of the merger, while post-merger job continuity was measured by asking respondents to assess how their job had changed as a result of the merger. These wording changes were necessary in order for the items to maintain face validity to the respondents, and they are consistent with past longitudinal research (van Knippenberg, van Knippenberg, Monden, & de Lima, 2002).

Practical Implications

While executives can increase employees' identification by focusing on organizational valence factors such as how a merger will increase the organization's status and improve its performance, our results suggest that these measures will have little direct impact on employees' attachment to the organization, another important employee response. During our study at Luxury Standard, the CEO chose to focus solely on interventions explaining how the merger would increase the status and power of the newly-combined organization (i.e., through videos and town halls). However, our results suggest that Luxury Standard might have benefitted from a two-pronged approach to communicating with employees about the merger. This approach might have included both a focus on how the merger would affect the overall organization as well as a focus on how the merger would affect employees personally through their work roles and quality of exchange with the organization. For example, management could have conducted individualized sessions and discussions regarding their subordinates' personal cost-benefit evaluations in attempts to understand and resolve their subordinates' concerns and frame the merger as beneficial to them individually. This intervention could then be cascaded down the organization by encouraging the first group of subordinates to have similar conversations with their own subordinates (Kavanagh & Ashkanasy, 2006). A great deal of research suggests this would also improve individuals' post-merger reactions by making them feel heard (e.g., Wanberg & Banas, 2000). In short, a two-pronged approach which addresses: 1) how the merger will impact the condition of the overall organization; and, 2) how the merger will impact employees personally, is more likely to positively impact perceptions of both organizational and personal valence, leading to the desirable merger responses of increased organizational identification and increased organizational attachment.

Conclusion

Employees' organizational identification and organizational attachment, including voluntary turnover, can ultimately impact the success of a merger. We empirically examined and compared alternative conceptual models based on the logic of social identity theory and exchange theory to investigate the effects of change in both organizational valence and personal valence on change in employees' organizational identification and attachment. We tested these alternative models with archival data, as well as survey data collected at two time points from a newly-merged consumer goods company, and ultimately settled on an emergent integrated model. Our results suggest that executives need to highlight both the organizational and personal benefits of a merger to increase employees' organizational identification and attachment attitudes and to reduce voluntary turnover.

Endnotes

1. M&A scholars studying individually-focused responses tend not to study personal valence but rather individuals' emotional reactions to and coping attempts for the emotional loss and stress of a merger (e.g., Cartwright, Tytherleigh, & Robertson, 2007; Mirvis, 1985; Sui, Cooper, & Donald, 1997). However, our focus here is on individuals' calculated evaluations of the costs and benefits involved in a merger, which subsequently determines their reaction to the merger situation (Oreg et al., 2011). In an extensive literature review, we found only four out of 65 M&A articles that explored personal valence concerns.
2. Sometimes referred to as *merger continuity* (van Dick et al., 2006) or *sense of continuity* (Bartels et al., 2006).
3. Procedural justice is also considered an important antecedent of successful change; however, it is considered an aspect of the change *process*, rather than a personal valence construct, and as such was not included in our theorizing (cf., Bernerth, Armenakis, Feild, & Walker, 2007). However, we included procedural justice in our survey and tested it as a control variable in all models. Because it was not a significant predictor, we did not include it in our final models; however, our results are robust to its inclusion or deletion and are available on request.
4. A similar approach can be found in Chang (1998). He compared the nested models of the theory of reasoned action and the theory of planned behavior to find a better theory predicting unethical behavior.
5. We do not hypothesize the null pathways that would cross from organizational valence to organizational attachment or from personal valence to organizational identification.
6. We tested additional models with other control variables including employees' managerial status, age, gender, organizational tenure, change efficacy, affective commitment, continuance commitment, and managerial merger support, all of which might affect employee merger responses. However, these variables did not alter the results substantially, and are excluded here; results available on request.
7. Another possibility drawn from SIT that we explored was whether the employees of the two legacy organizations experienced the merger differently. Management's attempts to create a new superordinate organizational identity during a merger encourages a breakdown of the barriers between two previously separate pre-merger organizations, often generating differing reactions from members of each pre-merger organization (Amiot et al., 2007; Boen et al., 2006). Thus, we tested the moderating effect of legacy organization. We expected that employees from the lower-status legacy organization might see the merger as a potential

vehicle for status enhancement, while members of the higher-status legacy organization might see the merger as a potential threat to their organizational identity (Tajfel & Turner, 1979; Terry et al., 2001), resulting in a stronger organizational valence-organizational identification relationship in employees from the lower-status pre-merger organization than those from the higher-status one. In addition, those in the acquired organization might be more sensitive to the relationship between change in personal valence and change in organizational attachment, owing to heightened fears that the acquirers will make them bear the brunt of all of the changes necessary to ensure a successful M&A outcome (Giessner et al., 2012). Thus, we posited that the relationships hypothesized previously in the three models will be stronger in the acquired, lower-status organization compared to the acquiring, higher-status organization. To test the potential moderating effect of legacy organization, we split our sample to examine how belonging to either legacy organization at the beginning of the merger impacted the relationships between intraindividual increases in personal and organizational valence and organizational identification and attachment. Results indicate two differences between the legacy organizations: (1) intraindividual change in job security among Luxury legacy employees predicted changes in organizational attachment (job satisfaction and intention to stay), while it did not for Standard legacy employees; and, (2) organizational identification mediated the relationship between increases in organizational valence and increases in personal status independent variables and increases in two organizational attachment dependent variables (job satisfaction and intention to stay) for Standard legacy employees, but not Luxury legacy employees. This suggests that job security was more of a concern at Luxury, while organizational merger valence and personal status issues were more of a concern at Standard. These results are not necessarily what we might have predicted a priori when hypothesizing a moderating effect for legacy organization membership (for detailed results, see Tables S1 and S2, available in the supplementary materials).

8. Since organizational departments varied in the speed at which they integrated, we tested the moderating effect of integration order. We expected that employees in departments that integrated earlier might be more likely to perceive increases in organizational valence, leading to increased organizational identification, and might also be more likely to perceive positive changes in personal valence constructs, leading to increased organizational attachment. To test this potential moderating effect, we split our sample to examine how integration order affected the relationships between intraindividual increases in personal and organizational valence and organizational identification and attachment. The results are summarized in Tables S3-S5, available in supplementary materials; they show no evidence supporting a moderating effect of integration order on the relationships between increases in organizational and personal valence and increases in organizational identification and attachment.

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* Described only in the literature review available online.

Figure 1. Distinct Predictor Model of Employee Response (Model 1)

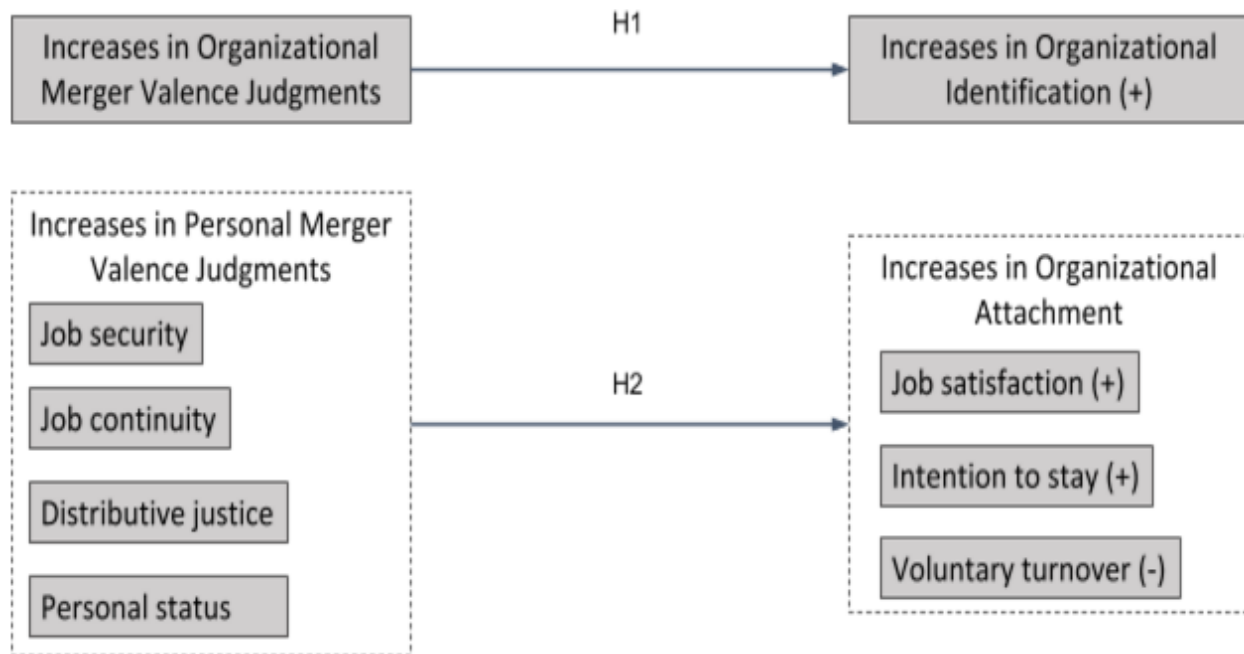


Figure 2. Identification-Mediated Model of Employee Response (Model 2)

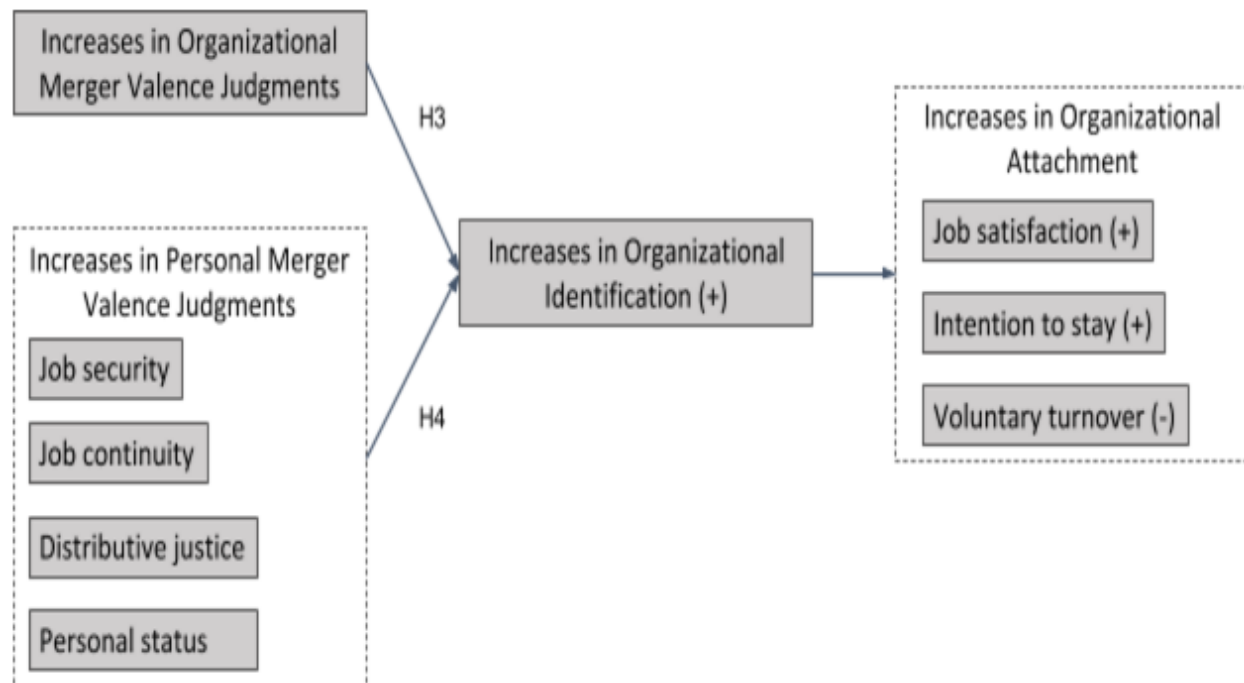


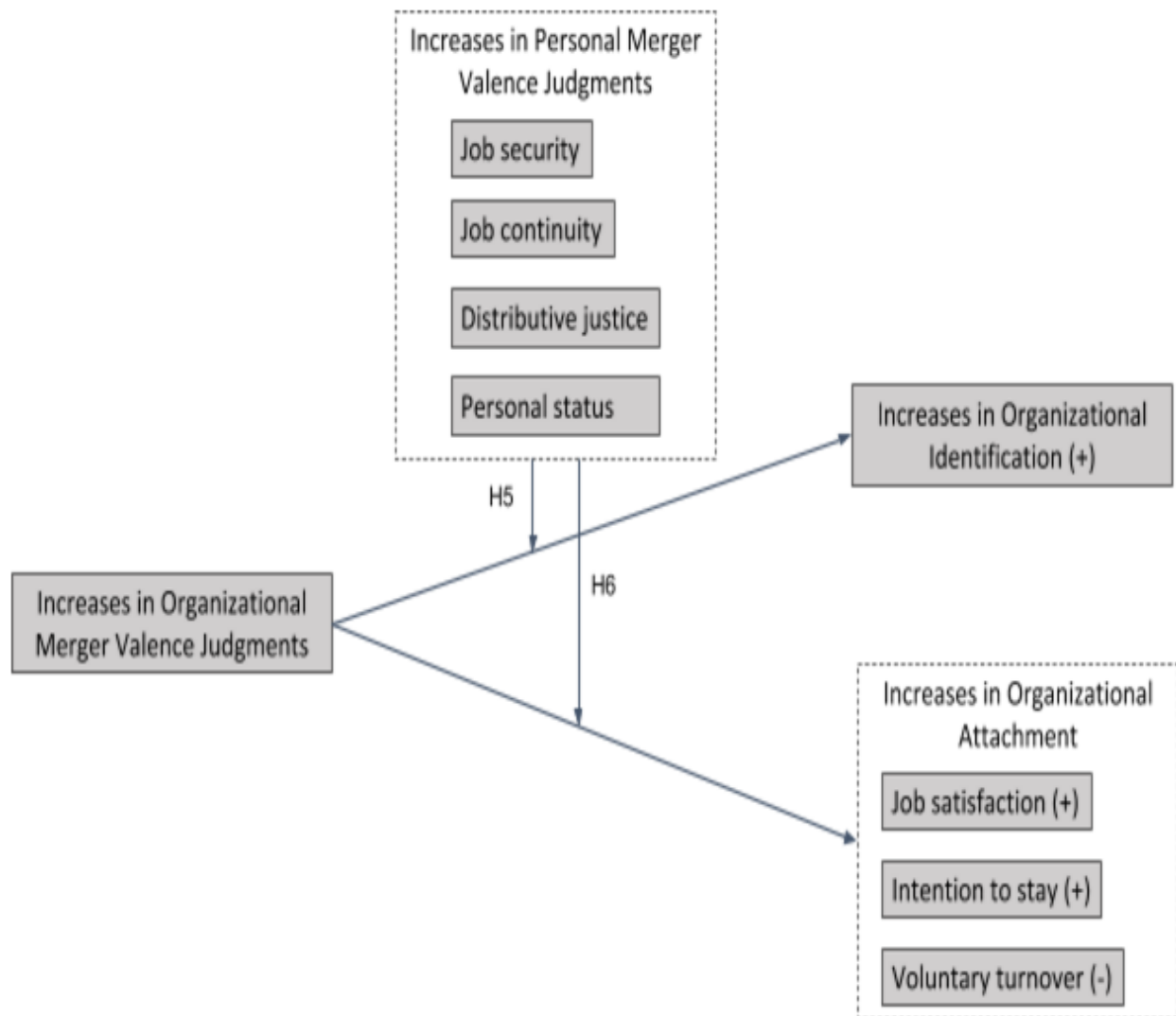
Figure 3. Moderated Model of Employee Response (Model 3)

Figure 4. Illustration of Latent Difference Score Model

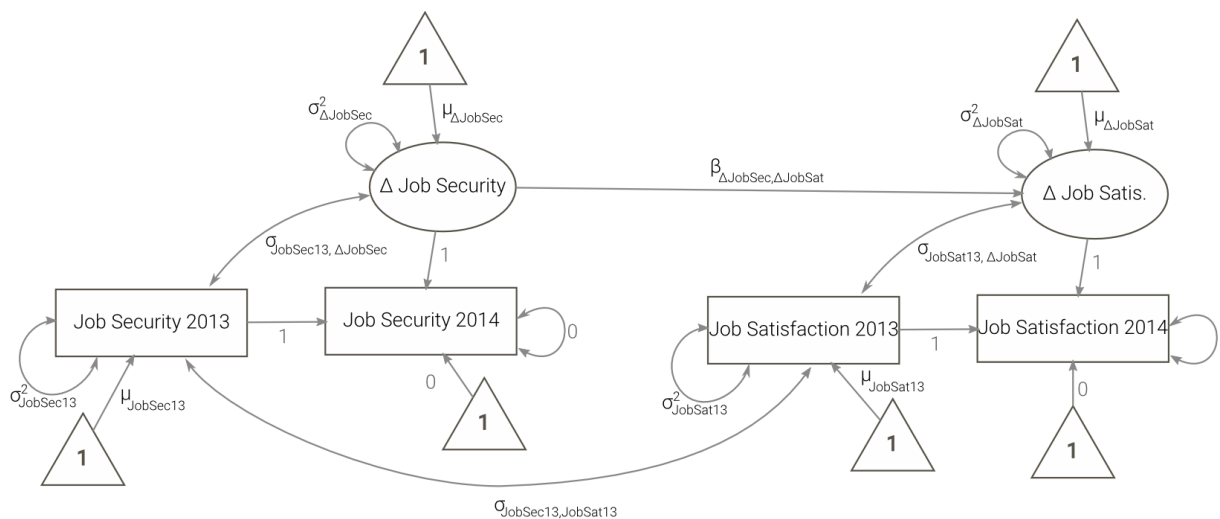


Figure 5. Emergent Integrated Model of Employee Response

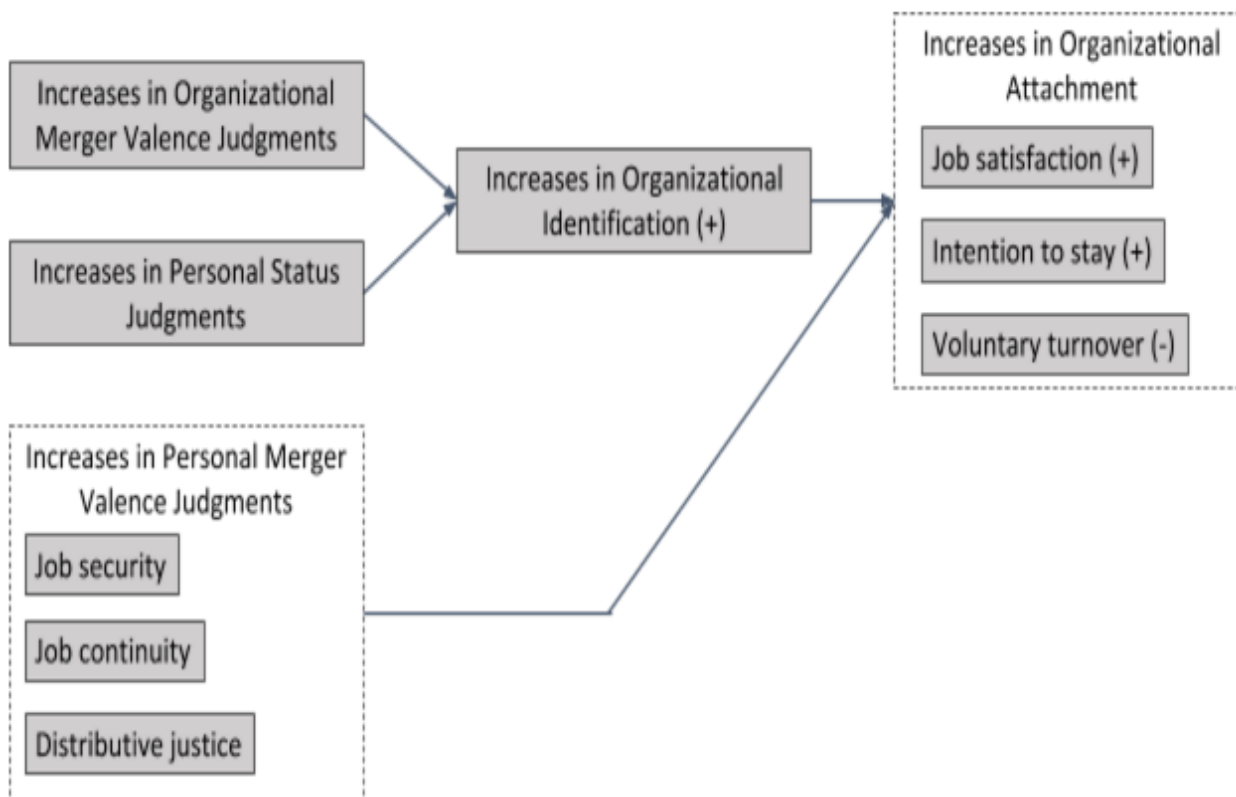


Table 1. Descriptive Statistics and Correlations

	Mean	S.D.	1	2	3	4	5	6	7	8
1 Legacy Organization (0 = Standard Legacy 1 = Luxury Legacy)	0.44	0.50								
2 First Integration Order ^a	0.12	0.32	0.02							
3 Second Integration Order ^a	0.36	0.48	-0.22 *	-0.27 *						
4 Individual Performance (2011)	3.92	0.76	-0.57 *	-0.05	0.17 *					
5 Pre-Merger Personal Status (2013)	4.12	1.38	-0.08 *	0.08 *	0.01	0.17 *				
6 Organizational Identification (2014)	5.56	1.09	0.08 *	-0.01	0.06	-0.02	0.17 *			
7 Pre-Merger Organizational Identification (2013)	5.73	1.02	0.05	0.08 *	0.02	-0.01	0.53 *	0.29 *		
8 Job Satisfaction (2014)	5.55	1.29	0.08	-0.04	0.01	0.05	0.59 *	0.33 *	0.07	
9 Job Satisfaction (2013)	5.52	1.30	0.01	-0.04	0.06	-0.01	0.44 *	0.43 *	0.54 *	0.15 *
10 Intention to Stay (2014)	5.13	1.65	-0.02	-0.09	0.08 *	0.11 *	0.50 *	0.28 *	0.75 *	0.49 *
11 Intention to Stay (2013)	5.08	1.62	-0.01	-0.03	0.12 *	-0.01	0.40 *	0.35 *	0.47 *	0.76 *
12 Employee Turnover	0.08	0.27	0.02	0.03	-0.06	0.01	-0.08 *	-0.09 *	-0.12 *	-0.17 *
13 Organizational Valence(2014)	5.15	1.19	-0.06	-0.12 *	0.08 *	0.06	0.55 *	0.29 *	0.46 *	0.39 *
14 Organizational Valence(2013)	5.46	0.91	0.11 *	-0.08 *	0.05	-0.03	0.47 *	0.37 *	0.33 *	0.41 *
15 Job Security (2014)	4.65	1.62	0.22 *	0.01	-0.03	0.04	0.31 *	0.15 *	0.47 *	0.28 *
16 Job Security (2013)	4.35	1.59	0.30 *	-0.04	-0.02	-0.16 *	0.26 *	0.17 *	0.34 *	0.33 *
17 Job Continuity (2014)	4.82	1.52	0.13 *	0.17 *	-0.05	0.01	-0.01	0.04	-0.13 *	-0.14 *
18 Job Continuity (2013)	4.58	1.49	-0.04	0.27 *	-0.22 *	0.07	-0.07	0.04	-0.16 *	-0.17 *
19 Distributive Justice (2014)	4.61	1.36	-0.02	-0.06	0.03	0.05	0.36 *	0.26 *	0.55 *	0.34 *
20 Distributive Justice (2013)	4.60	1.23	-0.06	-0.06	0.11 *	0.01	0.30 *	0.32 *	0.32 *	0.49 *
21 Post-Merger Personal Status (2014)	3.91	1.17	0.05	-0.04	0.05	0.05	0.36 *	0.08	0.42 *	0.27 *
22 Personal Status Expectation(2013)	3.74	1.08	0.07 *	-0.11 *	0.05	-0.01	0.24 *	0.08 *	0.20 *	0.32 *

* $p < 0.05$ ^a Of total 815 employees, 120 experienced the earliest integration, 366 second wave of integration, and 329 the latest.

Table 1. Descriptive Statistics and Correlations (continued)

	9	10	11	12	13	14	15	16	17	18	19	20	21
10	0.02												
11	0.58 *	0.10 *											
12	-0.16 *	-0.20 *	0.05										
13	0.41 *	0.34 *	-0.08 *	0.18 *									
14	0.30 *	0.37 *	0.01	0.59 *	0.17 *								
15	0.47 *	0.38 *	-0.03	0.37 *	0.27 *	0.20 *							
16	0.31 *	0.40 *	0.04	0.28 *	0.36 *	0.57 *	0.17 *						
17	-0.18 *	-0.16 *	0.01	-0.04	0.05	-0.04	0.01	-0.24 *					
18	-0.24 *	-0.20 *	0.13 *	-0.06	-0.07	-0.05	-0.19 *	0.61 *	-0.26 *				
19	0.53 *	0.31 *	-0.01	0.37 *	0.20 *	0.37 *	0.24 *	0.21 *	0.18 *	0.09 *			
20	0.37 *	0.50 *	-0.07	0.31 *	0.30 *	0.21 *	0.29 *	0.17 *	0.25 *	0.52 *	0.05		
21	0.37 *	0.28 *	-0.10 *	0.41 *	0.26 *	0.37 *	0.31 *	0.06	0.05	0.30 *	0.18 *	0.12 *	
22	0.17 *	0.33 *	-0.01	0.26 *	0.34 *	0.22 *	0.32 *	-0.04	0.10 *	0.16 *	0.23 *	0.41 *	0.15 *

* $p < 0.05$

Table 2. Establishing Measurement Invariance

	Unconstrained Model	Equivalent Loadings Model	Equivalent Loadings and Intercepts Model
CFI	0.946	0.942	0.940
MFI	0.654	0.636	0.625
Gamma hat	0.936	0.932	0.930
Δ CFI		-0.004	-0.002
Δ MFI		-0.018	-0.011
Δ Gamma hat		-0.004	-0.002
Invariance	Configural	Weak	Strong

Table 3. Results of LDS Model Testing Model 1: Distinct Predictor Model of Employee Response

	Organizational Identification	Job Satisfaction	Intent to Stay
Static Controls (T1)			
First Integration (2013)	-0.15 (0.12)	-0.08 (0.15)	-0.37 (0.18)
Second Integration (2013)	0.02 (0.09)	0.08 (0.11)	-0.14 (0.14)
Performance (2012)	-0.04 (0.07)	0.08 (0.08)	0.11 (0.10)
Legacy Organization (1 = Luxury; 2013)	-0.03 (0.11)	0.21 (0.14)	0.07 (0.17)
Pre-Merger Personal Status (2013)	-0.10 (0.05)	-0.13 (0.06)	-0.14 (0.07)
Static Variable (Initial Level: T1)			
Organizational Valence (2013)	0.22 (0.06)*	-0.06 (0.07)	0.07 (0.08)
Job Security (2013)	0.05 (0.06)	0.23 (0.07)*	-0.01 (0.08)
Job Continuity (2013)	0.03 (0.05)	-0.01 (0.06)	0.02 (0.08)
Distributive Justice (2013)	-0.04 (0.06)	0.04 (0.07)	0.15 (0.08)
Personal Status (2013)	0.27 (0.06)*	-0.03 (0.07)	-0.09 (0.09)
Time-Varying Variables (Change: T1-T2)			
Organizational Valence (2013-2014)	0.25 (0.05)*	0.07 (0.06)	0.11 (0.07)
Job Security (2013-2014)	0.09 (0.05)	0.32 (0.05)*	0.29 (0.07)*
Job Continuity (2013-2014)	0.02 (0.05)	0.01 (0.05)	-0.09 (0.07)
Distributive Justice (2013-2014)	0.09 (0.05)	0.44 (0.05)*	0.50 (0.07)*
Personal Status (2013-2014)	0.17 (0.05)*	0.15 (0.05)	0.18 (0.07)
Fit Statistics			
	<i>N</i>	455	
	χ^2	314.08***	
	<i>df</i>	69	
	RMSEA (95% CI)	0.088 (0.079, 0.098)	
	CFI	0.934	
	SRMR	0.052	

* $p < Bonferroni\ correction\ criteria\ (0.00085)$, *** p for $\chi^2 < 0.001$

Table 4. Results of Survival Analysis Testing Model 1: Distinct Predictor Model of Employee Response (Turnover)

	Voluntary Turnover
Controls (T1)	Exp. β (SE)
First Integration (2013)	1.29 (0.43)
Second Integration (2013)	1.10 (0.38)
Performance (2012)	0.89 (0.26)
Legacy Organization (1 = Luxury, 2013)	0.80 (0.44)
Pre-Merger Personal Status (2013)	1.22 (0.18)
Independent Variables (T1)	
Organizational Valence (2013)	1.08 (0.18)
Job Security (2013)	1.40 (0.19)†
Job Continuity (2013)	0.56 (0.21)**
Distributive Justice (2013)	0.91 (0.16)
Personal Status (2013)	0.89 (0.16)
Number of events	39
Number of observations (<i>N</i>)	654
Likelihood ratio test	20.59 on 10 <i>df</i> , $p < 0.02$
AIC	502.78
R^2 (max.)	0.03 (0.54)

† $p < 0.1$, ** $p < 0.01$

Table 5. Results of LDS Model Testing Model 2: Identification-Mediated Model of Employee Response

	Organizational Identification	Job Satisfaction	Intent to Stay
Static Controls (T1)			
First Integration (2013)	-0.15 (0.12)	-0.05 (0.15)	-0.32 (0.18)
Second Integration (2013)	0.02 (0.09)	0.07 (0.11)	-0.14 (0.14)
Performance (2012)	-0.04 (0.07)	0.09 (0.08)	0.12 (0.10)
Legacy Organization (1 = Luxury; 2013)	-0.03 (0.11)	0.21 (0.14)	0.07 (0.16)
Pre-Merger Personal Status (2013)	-0.10 (0.05)	-0.11 (0.06)	-0.11 (0.07)
Static Variable (Initial Level: T1)			
Organizational Valence (2013)	0.22 (0.06)*	-0.11 (0.07)	-0.01 (0.08)
Job Security (2013)	0.05 (0.06)	0.22 (0.07)	-0.03 (0.08)
Job Continuity (2013)	0.03 (0.05)	-0.02 (0.06)	0.01 (0.08)
Distributive Justice (2013)	-0.04 (0.06)	0.05 (0.07)	0.16 (0.08)
Personal Status (2013)	0.27 (0.06)*	-0.09 (0.07)	-0.18 (0.09)
Time-Varying Variables (Change: T1-T2)			
Organizational Valence (2013-2014)	0.25 (0.05)*	0.01 (0.06)	0.02 (0.07)
Job Security (2013-2014)	0.09 (0.05)	0.30 (0.05)*	0.27 (0.07)*
Job Continuity (2013-2014)	0.02 (0.05)	-0.01 (0.05)	-0.11 (0.07)
Distributive Justice (2013-2014)	0.09 (0.05)	0.43 (0.05)*	0.47 (0.07)*
Personal Status (2013-2014)	0.17 (0.05)*	0.12 (0.05)	0.14 (0.07)
Organizational Identification (2013-2014)		0.20 (0.04)*	0.32 (0.06)*
Fit Statistics			
	<i>N</i>	455	
	χ^2	269.98***	
	<i>df</i>	67	
	RMSEA (95% CI)	0.082 (0.072, 0.092)	
	CFI	0.945	
	SRMR	0.052	

* $p < Bonferroni\ correction\ criteria\ (0.00085)$, *** $p\ for\ \chi^2 < 0.001$

Table 6. Results of Survival Analysis Testing Model 2: Identification-Mediated Model of Employee Response (Turnover)

Aalen Additive Regression Model of Voluntary Turnover		Ordinary Least Squares Regression of Organizational Identification	
	Est (SE) * 10⁻⁴	Control Variables (T1)	Est (SE)
Control Variables (T1)		Control Variables (T1)	
Intercept	52.07 (26.75)†	Intercept	5.49 (0.23)***
First Integration (2013)	5.37 (9.04)	First Integration (2013)	0.22 (0.10)*
Second Integration (2013)	0.81 (5.29)	Second Integration (2013)	-0.03 (0.07)
Performance (2012)	-1.14 (3.86)	Performance (2012)	0.04 (0.05)
Legacy Organization (1 = Luxury; 2013)	0.18 (6.51)	Legacy Organization (1 = Luxury, 2013)	0.29 (0.09)***
Pre-Merger Personal Status (2013)	4.41 (3.55)	Pre-Merger Personal Status (2013)	0.23 (0.04)***
Independent Variables & Mediator (T1)		Independent Variables & Mediator (T1)	
Organizational Identification (2013)	-5.72 (3.52)	Organizational Valence (2013)	0.29 (0.04)***
Organizational Valence (2013)	3.55 (2.71)	Job Security (2013)	-0.04 (0.04)
Job Security (2013)	5.46 (2.85)†	Job Continuity (2013)	0.01 (0.04)
Job Continuity (2013)	-8.60 (2.84)**	Distributive Justice (2013)	0.22 (0.04)***
Distributive Justice (2013)	-0.41 (3.38)	Personal Status (2013)	-0.08 (0.04)*
Personal Status (2013)	-2.68 (3.82)	Number of observations (<i>N</i>)	643
Number of events	35	<i>R</i> ²	0.25
Number of observations (<i>N</i>)	654	Adjusted <i>R</i> ²	0.24
χ^2	27.35**	F(10, 643)	21.18***
<i>df</i>	11	† <i>p</i> < 0.1, * <i>p</i> < 0.05, ** <i>p</i> < 0.01, *** <i>p</i> < 0.001	

	Estimate (95% CI)
Indirect Effect	-0.04 (-19.39, 19.54)
Total Effect	-0.13 (-48.47, 47.90)
Ratio (Q)	0.57 (-4.53, 5.10)

Table 7. Results of LDS Model Testing Model 3: Moderated Model of Employee Response

	Organizational Identification	Job Satisfaction	Intent to Stay
Static Controls (T1)			
First Integration (2013)	-0.11 (0.12)	-0.07 (0.15)	-0.38 (0.18)
Second Integration (2013)	0.02 (0.09)	0.08 (0.11)	-0.11 (0.14)
Performance (2012)	-0.03 (0.07)	0.10 (0.08)	0.14 (0.10)
Legacy Organization (1 = Luxury; 2013)	0.01 (0.11)	0.24 (0.14)	0.11 (0.17)
Pre-Merger Personal Status (2013)	-0.10 (0.05)	-0.13 (0.06)	-0.13 (0.07)
Static Variable (Initial Level: T1)			
Organizational Valence (2013)	0.27 (0.05)*	-0.03 (0.07)	-0.02 (0.08)
Job Security (2013)	0.07 (0.06)	0.25 (0.07)*	-0.01 (0.08)
Job Continuity (2013)	0.02 (0.05)	-0.03 (0.06)	-0.02 (0.08)
Distributive Justice (2013)	-0.06 (0.06)	0.03 (0.07)	0.15 (0.09)
Personal Status (2013)	0.25 (0.06)*	-0.04 (0.07)	-0.10 (0.09)
Time-Varying Variables (Change: T1-T2)			
Organizational Valence (2013-2014)	0.31 (0.05)*	0.17 (0.06)	0.11 (0.08)
Job Security (2013-2014)	0.08 (0.05)	0.30 (0.06)*	0.23 (0.07)
Job Continuity (2013-2014)	0.01 (0.05)	-0.01 (0.06)	-0.11 (0.07)
Distributive Justice (2013-2014)	0.07 (0.05)	0.44 (0.05)*	0.52 (0.07)*
Personal Status (2013-2014)	0.15 (0.04)*	0.13 (0.05)*	0.16 (0.07)
Interactions			
Org. Valence X Job Security (I)	-0.05 (0.06)	-0.08 (0.07)	-0.08 (0.08)
Org. Valence X Job Continuity (I)	-0.04 (0.05)	0.02 (0.06)	0.03 (0.08)
Org. Valence X Distributive Justice (I)	0.02 (0.06)	0.05 (0.07)	0.11 (0.09)
Org. Valence X Personal Status (I)	-0.09 (0.05)	0.01 (0.07)	-0.02 (0.08)
Org. Valence X Job Security (S)	0.01 (0.04)	-0.01 (0.04)	-0.01 (0.06)
Org. Valence X Job Continuity (S)	-0.01 (0.04)	-0.04 (0.05)	-0.14 (0.06)
Org. Valence X Distributive Justice (S)	-0.02 (0.04)	0.04 (0.05)	0.16 (0.06)
Org. Valence X Personal Status (S)	0.01 (0.04)	0.05 (0.05)	0.04 (0.06)
Fit Statistics			
<i>N</i>		455	
χ^2		603.45***	
<i>df</i>		155	
RMSEA (95% CI)		0.080 (0.073, 0.087)	
CFI		0.894	
SRMR		0.049	

* $p < Bonferroni$ correction criteria (0.00085), *** p for $\chi^2 < 0.001$

(I) interaction between initial levels (T1), (S) interaction between slopes (T1-T2)

Table 8. Results of Survival Analysis Testing Model 3: Moderated Model of Employee Response (Turnover)

	Voluntary Turnover
Controls (T1)	Exp. β (SE)
First Integration (2013)	1.32 (0.43)
Second Integration (2013)	1.15 (0.39)
Performance (2012)	0.89 (0.26)
Legacy Organization (1 = Luxury, 2013)	0.78 (0.45)
Pre-Merger Personal Status (2013)	1.22 (0.19)
Independent Variables (T1)	
Organizational Valence (2013)	1.23 (0.24)
Job Security (2013)	1.42 (0.20)†
Job Continuity (2013)	0.56 (0.22)**
Distributive Justice (2013)	0.86 (0.17)
Personal Status (2013)	0.89 (0.16)
Interaction Terms (T1)	
Organizational Valence x Job Security	0.98 (0.20)
Organizational Valence x Job Continuity	1.02 (0.20)
Organizational Valence x Distributive Justice	1.16 (0.17)
Organizational Valence x Personal Status	1.12 (0.15)
Number of events	39
Number of observations (<i>N</i>)	654
Likelihood ratio test	22.31 on 14 <i>df</i> , <i>p</i> = 0.07
AIC	508.96
R^2 (max.)	0.03 (0.54)

† *p* < 0.1, ** *p* < 0.01