2021

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Turnover During a Corporate Merger:

How Workplace Network Change Influences Staying

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Abstract

The upheaval created by a merger can precipitate voluntary employee turnover, causing merging organizations to lose valuable knowledge-based resources and competencies precisely when they are needed most to achieve the merger's integration goals. While prior research has shown that employees' connections to coworkers reduces their likelihood of leaving, we know little about how personal social networks should change to increase the likelihood of staying through the disruptive post-merger integration period. In a pre-post study of social network change, we investigate over fifteen million email communications between employees within two large merging consumer goods firms over two years. We use insights from network activation theory to posit and find that employees with high formal power (rank) and high informal status (indegree centrality) react to the merger's general uncertainty and threat by developing new social connections in a manner indicative of a network widening response: reaching out and connecting with those in the counterpart legacy organization. We also investigate whether increased personally-felt threat in the form of merger-related job insecurity strengthens these relationships, finding it does in the case of high formal power. We also find that employees increasing their cross-legacy social connections is key in reducing those employees' turnover after a merger. Our study suggests that network activation theory can be extended to explain network changes and not simply network cognition.

Keywords: mergers and acquisitions, power and status, social network change, voluntary turnover, network activation theory

Turnover During a Corporate Merger: How Workplace Network Change Influences

Staying

Mergers and acquisitions (M&As) remain popular strategic decisions intended to create organizational synergies and improve performance (Cartwright, 2012). However, most M&As fail to produce their desired benefits (Cartwright & Cooper, 1995; Grotenhuis, 2009). Scholars increasingly attribute these failures to employees' responses to upheaval during the post-merger integration period (Ghauri & Buckley, 2003). Whereas employees from each pre-merger legacy organization should be coordinating and collaborating with each other to mold a new, merged firm (cf. Graebner et al., 2017), instead they often respond by voluntarily turning over (Holtom et al., 2005). Voluntary turnover has a negative effect on firm performance (Hatch & Dyer, 2004; Park & Shaw, 2013) and is especially disruptive to organizations undergoing an M&A because they lose valuable knowledge-based resources and competencies precisely when they are most needed in order to achieve the merger's goals (Ranft & Lord, 2000). Thus, identifying why employees leave or stay during periods of dramatic organizational change – such as during post-merger integration – is a vital, yet understudied undertaking.

Prior research suggests that employees' social ties with their coworkers are important in helping employees deal with the uncertainty and threat often experienced during organizational shocks such as M&As (Holtom et al., 2005), and can potentially explain why some stay while others leave (Mitchell et al., 2001). Mergers also affect some employees differently than others; some perceive the merger as more personally threatening to their job security than others, which can further contribute to the employee's likelihood of leaving the merging organization (Sung et al., 2017). Forging new social ties during a merger integration enables employees to gather newly-relevant information, alleviate uncertainty induced by the merger, and achieve success in

roles that might have been altered by the merger (Allatta & Singh, 2011; Briscoe & Tsai, 2011).

Our study's main contribution will be to use and build upon network activation theory (Smith et

al., 2012) to show that how employees change, or fail to change, their personal network of social

ties in response to the merger ultimately affects their subsequent voluntary turnover.

Existing research does not yet provide solid evidence regarding how employees *should*

change their networks during a merger. Network activation theory suggests that individuals

respond to uncertainty and threat by "widening" or "winnowing" their networks and that this

response is determined, in part, by the individual's power and status (O'Connor & Gladstone,

2015; Smith et al., 2012, 2020); those experiencing more power and status widen their network

focus, while those with less narrow their focus. A critical network widening response in an M&A

context involves employees reaching out to new coworkers in the counterpart legacy

organization (i.e., increasing *cross-legacy connections*; Allatta & Singh, 2011; Briscoe & Tsai,

2011). We argue that employees with more formal power or higher informal status are more

likely to widen their networks by developing connections with their new coworkers in the

counterpart legacy organization, that doing so increases their access to the information and

resources needed to deal with the tumult of the post-merger integration period, and, therefore,

makes them more likely to remain with the organization throughout the merger.[1] We also

recognize that some employees will experience more threat than others because the merger can

generate personal, role-oriented threat in the form of *job insecurity* -- the fear of losing one's job.

Previous network activation research has shown that high status individuals respond to job

insecurity's threat by widening their networks cognitively (Smith et al., 2012), and we argue that

this moderated relationship will also manifest behaviorally in powerful but personally-threatened

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[1] We also empirically examine two other types of network widening behaviors that are not merger-specific (increasing network size and structural holes spanned); due to space constraints, we only report these results briefly.

individuals becoming motivated to widen their networks by reaching across legacy boundaries.

We use a pre-post multisource research design that includes analyzing a non-obtrusive dataset of over fifteen million email communications exchanged within two merging consumer product manufacturing organizations over multiple years. Thus, we investigate the process by which employees engage in network change in a way that has rarely been attempted, given that most research examining networks and their effects on turnover has been conducted in cross-sectional studies (Porter et al., 2018). We build upon network activation theory, which has thus far focused exclusively on cognitive processes involving individuals recalling their existing network connections; we extend the theorizing to examine how power, status, and threat affect actual network widening behaviors that are relevant to the merger context -- increased cross-legacy connections -- and that result in decreased employee turnover.

Background & Hypotheses

Formal Power and Network Widening

According to network activation theorizing, individuals who experience more power are most likely to react to uncertainty and threat by engaging in a network widening strategy (Smith et al., 2012). Thus far, the theory has restricted itself to considering which individuals cognitively recall wider portions of their existing personal network, while suggesting (but not validating empirically) that this is the first step in the process of mobilizing existing social network ties. We build upon this theory by accepting the underlying cognitive mechanism and examining whether powerful individuals are employing a widening network strategy behaviorally. We posit that powerful employees are more likely to react to merger-related uncertainty by increasing their cross-legacy connections. As power reflects one's control over valued resources, we operationalize power in this study through formal rank. Network activation

theory suggests that when facing uncertainty (such as the uncertainty inherent in a merger), powerful employees are more likely to be optimistic (Anderson & Galinsky, 2006), confident (Briñol et al., 2007), socially uninhibited and active (Keltner et al., 2003), communicative (Noelle-Neumann, 1991; Shamir, 1997), and confident in approaching others to offer and seek help (Gruenfeld et al., 2008; Keltner et al.; Landis et al., 2018). Therefore, they are more likely to exert agency (Galinsky et al., 2003) by reaching out to new coworkers from the counterpart organization during post-merger integration.

Extending network activation theory, we also expect that high-ranking employees are more likely to feel role-related demands to forge cross-legacy connections. Their jobs tend to be more complex, requiring information from throughout the merging organization in order to cope with new integration-related challenges and changes, which should pressure them to widen their networks to gain the instrumental and expressive resources necessary to be successful in leading their changing organization (Ertug et al., 2018). Moreover, high-ranking employees play a critical role in easing employee uncertainty during a merger (Teerikangas, 2012), which requires them to develop new connections in their counterpart legacy organization to gather and share information and guidance regarding organizational changes.

Finally, given the vital importance of employees coordinating across legacy organizations in order to achieve the merger's objectives, high-ranking employees are likely to feel pressure to model this behavior by connecting across the organizational divide. Other employees are also more likely to monitor high-ranking employees' behavior (Keltner et al., 2003), increasing the pressure on them to meet their role expectations during the post-merger period. The role expectation might be explicit – as in the case of leaders of certain functional areas who are directed by top management to work together to resolve technical and workforce integration

issues – or implicit – as in the case of organizational leaders who are strongly encouraged to model appropriate behavior that will facilitate a successful integration and to show their support for the merger. In either case, high-ranking employees are likely to face greater role-related demands and, thus, more pressure than lower-ranking employees to increase their cross-legacy connections, in addition to having more confidence and autonomy to do so.

Hypothesis 1: Employees' power (formal rank) will be positively related to widening their personal networks by increasing their cross-legacy connections during a merger.

Informal Status and Network Widening

Network activation theory also argues that high status can lead to a network widening strategy. Unlike formal power, which is organizationally awarded, informal status reflects the respect one is accorded by others and is "socially awarded" (Raz et al., 2020: 5); as such, we indicate status with *indegree centrality* (i.e., the number of coworkers seeking to connect with an employee), which captures an employee's prominence and prestige in others' eyes (Anderson et al., 2001; Knoke & Burt, 1983). Like employees high in formal power, network activation theory suggests that those high in informal status are likely to react to a threat such as a merger with greater confidence and optimism than lower-status employees (Smith et al., 2012). High status is associated with higher self-esteem (Barkow, 1975) and greater influence over others within their organizations (Brass, 1984; Sparrowe & Liden, 2005). Other employees expect high status employees to take action (Tiedens et al., 2000) and dominate discussions (Bales et al., 1951; Berger et al., 1972). Thus, during the uncertainty of a merger, high status employees are less likely to feel constrained in their ability to connect, coordinate, and communicate with their new coworkers (Keltner et al., 2003; Venkataramani & Tangirala, 2010), leading them to exhibit greater agency than lower-status employees (Anderson et al., 2008) and to feel emboldened to

engage in behaviors that improve processes and contribute to organizational success (Janssen &

Gao, 2015; van Dijke et al., 2012). For example, in a study of a major organizational change,

Vardaman and colleagues (2012) found that high status (i.e., high indegree centrality) was

associated with greater confidence in one's ability to handle the change and, due to this

confidence, to interpret the change as controllable. As such, we expect that high status

employees will be more likely to increase their own cross-legacy connections.

We extend network activation theory by positing that some of the underlying mechanisms

prompting network widening should be different for employees with high informal status rather

than greater formal power. Unlike employees with more formal power, those high in informal

status do not experience formal, role-related demands to increase their cross-legacy connections.

However, high status employees often view the scope of their jobs more broadly than those of

lower status (Brass, 1981), which manifests in more helping within networks, providing an

impetus to reach out to members of the counterpart organization in order to assist with the

integration. High status employees feel not only more capable of, but also a sense of

responsibility for, helping others both personally and with regard to their tasks (Farh et al., 1990;

Settoon & Mossholder, 2002). They are viewed as being helpful above and beyond what their

job requires (Bowler et al., 2009; Sparrowe et al., 2001). Their informal status likely also

generates a sense of normative pressure to act in this informal ambassador role between legacy

organizations. Prominent (i.e., central) employees are more visible in the organizational network

and are subject to greater monitoring by others (Brass et al, 1998); if they don't reach out to their

counterparts, they risk greater reputational damage for not conforming to expectations compared

to less prominent employees (Magee & Galinsky, 2008). Thus, we expect employees high in

informal status will be more likely to increase their cross-legacy connections during a merger.

Hypothesis 2: Employees' informal status (indegree centrality) will be positively related to widening their personal networks by increasing their cross-legacy connections during a merger.

The Moderating Role of Personal Threat

Drawing on network activation theory, we have argued that employees who experience more power and status are most likely to react to the generalized threat and uncertainty of a merger by engaging in a widening network strategy. Yet prior research suggests that employees' perceptions about how a merger impacts them personally affects their response dramatically in a merger context (Sung et al., 2017). Even high power and high status employees may vary in their perceptions of how the merger threatens them personally. Prior network activation theory work suggests that personal job threat in the form of job insecurity can affect whether a network widening strategy is triggered in high status individuals (Smith et al., 2012). We argue that, to the extent that high power and high status employees perceive that the M&A impacts them personally by threatening their job security, they will be more likely to counter this personal threat by forging new cross-legacy ties in order to garner the benefits of reduced uncertainty and better adaptation to their changing roles in the newly formed organization. Since employees with more power hold jobs that demand they reach across the legacy organizational aisle to garner the information necessary to do their jobs, ease employee uncertainty, and model appropriate behavior in support of the merger, when they experience job-threat, they will experience additional pressure to establish cross-legacy connections for fear of not meeting these role-related expectations. Moreover, employees high in informal status feel a sense of normative pressure to act as an informal ambassador between legacy organizations and, when they fear losing their jobs, they should experience greater pressure to reach out to their counterparts given concerns that they risk greater reputational damage for not conforming to these expectations.

Hypothesis 3: Personal threat (job insecurity) will amplify the positive relationship between employees' (a) power (formal rank) and (b) informal status (indegree centrality) and their personal network widening (increasing their cross-legacy connections) during a merger.

We posit that network widening during the merger will result in the employee being less likely to turn over voluntarily. Merger-specific information and resources gleaned from connections in the counterpart legacy organization enhance employees' ability to adjust to, shape, and become more comfortable with the changing organizational environment (Burkhardt & Brass, 1990), allowing them to acclimate to their newly-merged organization with greater ease (Feeley et al., 2010; Oreg et al., 2011; van Dick et al., 2006) and increase their perceived fit and identification with the organization (Cable & Parsons, 2001; Morrison, 2002; Porter et al., 2016). Employees with networks that provide greater and broader-ranging knowledge regarding their changing organization, and their role within it, will be more capable of envisioning and potentially even crafting a new role, thereby attaining greater fit between their skills and the requirements of their role (van Dick et al.) and increasing their likelihood of staying (Mitchell et al., 2001; Mitchell & Lee, 2001). Figure 1 illustrates our overall research model.

Hypothesis 4: Employees who widen their personal networks by increasing their cross-legacy connections during a merger will be less likely to turnover voluntarily.

Insert Figure 1 about here

Methods

We studied an organizational merger between two similarly-sized U.S.-based consumer goods manufacturing firms: Luxury and Standard (pseudonyms). The merged organization ("Luxury Standard") expected to benefit from synergies derived from the merger and anticipated becoming an increasingly successful and growing organization. Thus, despite the employees'

concerns about massive layoffs following the merger, the newly-created company publicly and privately communicated their express desire to retain as many employees as possible to maintain valuable resources and knowledge. Outside of a minor pruning of redundancy immediately after the merger (before T1), the firm largely followed through on its pledge to retain employees.

The data consist of three components: psychometric data from employee surveys, network data constructed from the company's email exchange records, and archival data from the company's HR department. The first survey was administered when the post-merger integration processes began (T1), which was three months after the merger was formally ratified; the second survey was one year later (T2). Both surveys solicited employees' perceptions and merger reactions. We utilized a corpus of 15,185,614 emails (6,726,242 in T1 and 8,459,372 in T2) from Luxury Standard to construct employees' workplace networks. Emails are a valid, unobtrusive, and reliable means of capturing communication networks during large-scale organizational change (Quintane & Kleinbaum, 2011). We defined a tie between two employees as four or more email exchanges in both one-month periods (for more details, see Online Supplement 1). We used UCINET VI (Borgatti et al., 2002) to calculate network properties at T1 and T2. Archival HR data include employees' demographics, performance evaluations, and voluntary turnover records. The data presented in this article were collected as part of a larger data collection effort (University of Kentucky IRB Protocol Number 13-0412-P4J for study entitled "Merger Project"). Some of the psychometric and HR data have been used for another study (Sung et al., 2017), but the social network data have never been used in a published study. Our sample comprises full-time professional-level employees in the headquarters, excluding salespeople and plant employees who were not immediately integrated, hence, affected, by the merger. A total of 790 employees were invited to take surveys in both years, among which 599 participated (76% response rate; for more details, see Online Supplement 1).

Measures

Dependent Variable.

   Voluntary Turnover. We created a binary dependent variable: 1 = employees who left

voluntarily; 0 = all other employees (i.e., those who either stayed or were terminated).

Mediating Variable.

   Network Widening (T1 and T2). Network widening by adding cross-legacy connections

was measured using the reverse of Yule's Q, a measure of employees' personal network

homogeneity. Given that cross-legacy contact prior to the merger was legally limited, average

scores at T1 were near -1, which indicates perfect homophily based on legacy organization;

scores were higher at T2 to the extent that employees' interactions across legacy boundaries

increased (a score of +1 would reflect perfect heterophily based on legacy). Since our theory

posits that employees actively change their networks in response to their initial power and

informal status in the merging company, we used outgoing ties (i.e., emails sent by each focal

employee) to calculate cross-legacy connections (for more details, see Online Supplement 2).

Independent Variables.

   Formal Power (T1). Power was *rank*, using the company's salary band categories.[2]

   Informal Status (T1). Status was *indegree centrality* in the email networks, which

measures how many coworkers seek to communicate with the focal employee and is a measure

of network prominence and prestige (Knoke & Burt, 1983; Wasserman & Faust, 1994).

Moderating Variable.

   Personal Threat (T1). We adopted van Dick and colleagues' (2006) 4-item Likert-type

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[2] The representative title and distribution of each of the eight categories is as follows: 1 (analyst, associate, or assistant; 33.39%), 2 (senior; 29.95%), 3 (manager; 14.46%), 4 (senior manager; 8.61%), 5 (director; 8.78%), 6 (vice president; 2.93%), 7 (senior vice president; 1.2%), and 8 (CEO or executive vice president; 0.69%).

job insecurity scale to measure personal threat (1 = strongly disagree and 7 = strongly agree) (α = .81). Sample item: "I am afraid of losing my job in the near future."

Control Variables.[3]

Legacy Organization (T1). We controlled for the employee's prior membership in either legacy organization (Luxury = 1; Standard = 0) because past research suggests that merger reactions from employees in the more dominant company (i.e., Luxury) might differ from those in the less dominant company (i.e., Standard) (Giessner et al., 2012).

Pre-Merger Organizational Identification (T1). Employees' identification with their legacy organization can impact their willingness to cooperate with those in their counterpart legacy organization (Dutton et al., 1994; Pratt 1998) and subsequently affect turnover decisions (Sung et al., 2017). Thus, we controlled for pre-merger organizational identification using a 4-item Likert-type scale adapted from Mael and Tetrick (1992) (1 = strongly disagree and 7 = strongly agree) (α = .88). Sample item: "I view [Luxury Standard]'s successes as my successes."

Outdegree (T1). We controlled for each focal employee's total number of coworkers emailed (i.e., outgoing ties). This effectively normalizes our cross-legacy heterogeneity measure, allowing us to compare across employees with varying network sizes.

Analytical Approach

To test our hypotheses, we analyzed mediation (indirect effects) as well as moderated mediation effects using the PROCESS macro (Hayes, 2012, 2015) in SPSS (IBM, 2016). All indirect effects reported were tested using 5,000 bias-corrected bootstrapped samples (Preacher & Hayes, 2008). To accommodate differences in scale for our variables and to help with

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[3] To present a parsimonious explanatory model, we selected controls that had strong theoretical reasons for inclusion (Carson & Wu, 2012). However, our results are robust to additional control variables, including affective commitment, job satisfaction, perceived merger appropriateness, and each business function's integration order. We thank the reviewer who suggested Carson and Wu (2012) for guidance in choosing control variables.

interpreting model coefficients when predicting voluntary turnover, we standardized all

continuous predictor variables prior to analysis (Gelman, 2008; Menard, 2011). In order to

effectively model network change, we predicted T2 cross-legacy connections while

simultaneously controlling for T1 cross-legacy connections (Edwards, 2002).

Results

Table 1 shows unstandardized descriptive statistics and correlations. Table 2 shows the

results of PROCESS models (Hayes, 2012) testing the direct effects of the independent variables

(i.e., *formal power* and *informal status* at T1) on the dependent variable (i.e., *voluntary turnover*)

and indirect effects through the mediator (i.e., *network widening*).

Insert Tables 1 & 2 about here

Hypotheses 1 and 2 predicted positive effects for formal power (*rank*) and informal status

(*indegree*) on network widening (*increases in cross-legacy connections*). We found significant

positive relationships between both formal power and informal status on cross-legacy

connections at T2, controlling for T1 connections ($\beta = .18$, $p < .01$, $\beta = .18$, $p < .001$,

respectively; see Model 1 of Table 2), supporting both H1 and H2. Table 2 also shows significant

indirect effects of formal power and informal status on voluntary turnover through increased

cross-legacy connections, supporting mediation (index = -.17, 95% CI = [-.76, -.05] for formal

power; index = .17, 95% CI = [-.78, -.03] for informal status).

Insert Table 3 and Figures 2 & 3 about here

Hypothesis 3 predicted personal threat (*job insecurity*) would moderate the relationships

between both formal power and informal status with network widening (H3a and H3b,

respectively). The interaction between formal power and personal threat was significantly related

to cross-legacy connections at T2, controlling for T1 connections (β = .05, p < .01; see Model 1

of Table 3). As seen in Figure 2, the positive relationship between formal power (*rank*) and

increased cross-legacy connections was stronger for employees who perceived higher personal

threat (*job insecurity*) than those who perceived lower personal threat (*job insecurity*).

Specifically, formal power had a positive relationship with cross-legacy connections at high

levels of personal threat ($\beta = .32$, $t = 5.43$, $p < .001$), and a positive, but slightly weaker

relationship with cross-legacy connections at low levels of personal threat ($\beta = .12$, $t = 2.53$, $p < $

.01). Moreover, the index of moderated mediation was significant and negative (index = -.05,

95% CI = [-.31, -.01]; Model 2 of Table 3). Hypothesis 3b, however, was not supported.

Specifically, personal threat (*job insecurity*) did not significantly moderate the relationship

between informal status (*indegree*) and increases in cross-legacy connections ($\beta = .02$, *n.s.*; see

Model 1 of Table 3).

Finally, Hypothesis 4 predicted that network widening (*increases in cross-legacy*

connections) would be negatively related to voluntary turnover. Cross-legacy connections at T2,

controlling for T1 connections, had a significantly negative impact on voluntary turnover ($\beta = -$

.94, $p < .05$; see Model 2 of Table 2), supporting Hypothesis 4.[4]

Figure 3 summarizes the results of our first-stage moderated mediation model, which

suggests that employees who widen their networks are less likely to voluntarily turn over in a

post-merger environment. Employees with high formal power and informal status were more

likely to increase their cross-legacy connections and, therefore, less likely to leave their merging

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[4] Since network activation research has employed network size and structural holes as measures of a widening strategy (e.g., O'Connor & Gladstone, 2015; Shea et al., 2015; Smith et al., 2012), we replicated Tables 2 and 3 using cross-legacy connections, network size (outdegree), and structural holes as simultaneous network change mediators. Our results are robust to the inclusion of these alternative widening measures. Informal status was positively related to network size at T2 (controlling for T1 connections), which, in turn, was negatively related to voluntary turnover. No other relationships were significant. Results are available from the authors upon request.

organization. Finally, high formal power employees who perceive more personal threat were even more likely to increase their cross-legacy connections, whereas perceived personal threat did not affect the network widening behavior of employees high in informal status.

Discussion

We build upon and extend *network activation theory*, which posits that individuals with higher power and status respond to uncertainty and threat by cognitively activating (i.e., calling to mind) a wider portion of their existing network (O'Connor & Gladstone, 2015; Smith et al., 2012, 2020). Researchers argue that (but have not tested) cognitively activating one's pre-existing network contacts is a precursor to mobilizing behavior, such as reaching out to network contacts (Smith et al., 2020). In a merger situation, however, an employee will have a more difficult time relying exclusively on activating existing contacts because there is an entirely new set of contacts from the other legacy organization to meet in order to effectively integrate the organizations. Indeed, our results show that the underlying logic of network activation theory can be extended fruitfully to understand how networks are developed and mobilized in this merger context. Individuals with high formal power and high informal status actually mobilize wider networks; they do this by developing new connections in a manner indicative of a widening cognitive activation response: reaching out to those in their counterpart legacy organization. Moreover, we found additive direct effects for both power and status in our model, which suggests that they independently affect the variance in employees' network behaviors and should therefore both be considered when examining network activation and mobilization.

We also found that high status employees were likely to increase their cross-legacy connections regardless of the personal job security threat they experienced, whereas high power employees were more likely to do so when they perceived their job to be insecure, suggesting

that the role expectations activated by formal power may be more sensitive to perceiving job threat than the normative expectations activated by informal status. Specifically, higher-ranked employees' roles demand that they model appropriate behavior in support of the merger - thus, high-ranked employees experiencing job-threat might feel additional pressure to establish cross-legacy connections for fear of not meeting these expectations. Conversely, employees high in informal status forge cross-legacy ties because of increased opportunity, desire to help, or normative expectations that do not bring with them the same potentially dire consequences. In conceptualizing threat as both the universally-felt threat of a merger and the specific, personal threat (job insecurity), we contribute to the scholarly understanding of the broad notion of "threat" within network activation theory (cf. Brands & Mehra, 2019; O'Connor & Gladstone, 2015; Smith et al., 2012, 2020). Our finding that a universally-felt threat (but not a personally-felt threat) prompted high status employees to engage in a widening network strategy highlights the importance of investigating various types of threat and delineating between power and status within network activation theory. Finally, network activation theory research has to date been agnostic regarding whether and when a widening or winnowing strategy might impact workplace outcomes. We theorize and find evidence that a network widening strategy is beneficial in an M&A context in that it reduces employees' likelihood of turning over.

Our work also contributes to the research on employee networks and turnover. Much of the prior research was conducted during periods of relative organizational stability, finding that closed, dense networks are most likely to reduce turnover (e.g., Feeley et al., 2010; McPherson et al., 1992; Vardaman et al., 2015). In contrast, we find that opening one's network to new boundary-crossing ties reduces turnover during an organizational change (an M&A). Our findings might apply to many kinds of organizational change, such as restructuring or process

improvements. For example, in an organization that is transitioning from a functional to a matrix structure, cross-boundary ties are likely to be a key factor enabling employees to adapt to and fit into the new organizational structure. In this example, the boundary crossed is the functional area boundary rather than the legacy organization boundary as in our study, but the benefits gained by boundary crossing are likely to be similar. Thus, these findings suggest that beneficial network structures vary by context and that network mobilization strategies might need to do so as well (cf. Burt & Merluzzi, 2016). Our study, therefore, begins to answer calls to examine how network behaviors, and particularly network changes, are influenced by the organizational context (McEvily et al., 2014), but also suggests that more research is needed.

Limitations, Future Research, and Practical Implications

While our data span multiple years and encompass over 15 million interactions, we do not examine email network content, which could distinguish between instrumental (e.g., advice) and expressive (e.g., friendship) connections. Meta-analytic evidence suggests that instrumental and expressive ties have differential effects on the factors that influence turnover (Porter et al., 2019). Thus, future research analyzing email networks to define different types of ties (e.g., through their content and strength) might help us to better understand the relationships we have explored. Additionally, we focus on the impact of employees' individual-level network changes on their individual-level outcomes (turnover), without examining how these micro-level changes affect the macro-level network or organizational outcomes. Future research could examine the coevolution of micro- and macro-level network changes (Tasselli et al., 2015) within the context of major organizational change, exploring how, for example, individuals' network strategies within the context of an organizational shock lead to changes in whole network structure and composition, thus enabling or constraining future individual networking opportunities.

Our results also offer practical implications. For example, leaders in a merger context should facilitate the growth of cross-legacy ties among employees since they reduce employee turnover and integrate the legacy organizations, both of which are crucial to merger success. In particular, our findings suggest that lower-ranking and less well-connected employees are less likely to reach out to their new coworkers, suggesting managers must focus on these employees when seeking to promote cross-legacy connections. Cross-legacy ties can be fostered in a variety of ways, including rearranging work locations, strategically staffing work groups, emphasizing the benefits of connecting with employees in the other legacy organization, reducing barriers to developing such connections, and providing a realistic job preview to employees whose jobs require cross-legacy collaboration. Organizational leaders can also model connecting across the legacy organizations to actively bring disconnected groups together (Grosser et al., 2019).

Conclusion

By analyzing multisource pre-post data collected during the merger of two large consumer goods manufacturers, this study revealed that employees' formal power (particularly for high ranking employees who perceive their jobs are insecure) and informal status prompt employees to increase their cross-legacy connections, making them more likely to remain in their merging organization. Thus, this study not only reveals which employees change their networks in a way that reduces their likelihood of turning over in the face of an exogenous shock, it also provides practical guidance for managers: facilitating cross-legacy relationship-building not only integrates the merging organization, but also reduces voluntary turnover in a merger's aftermath.

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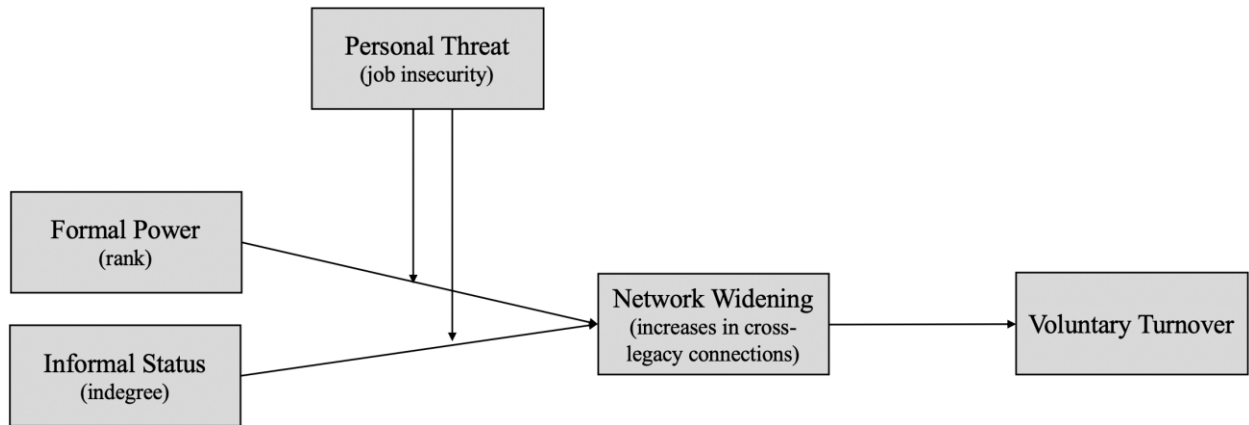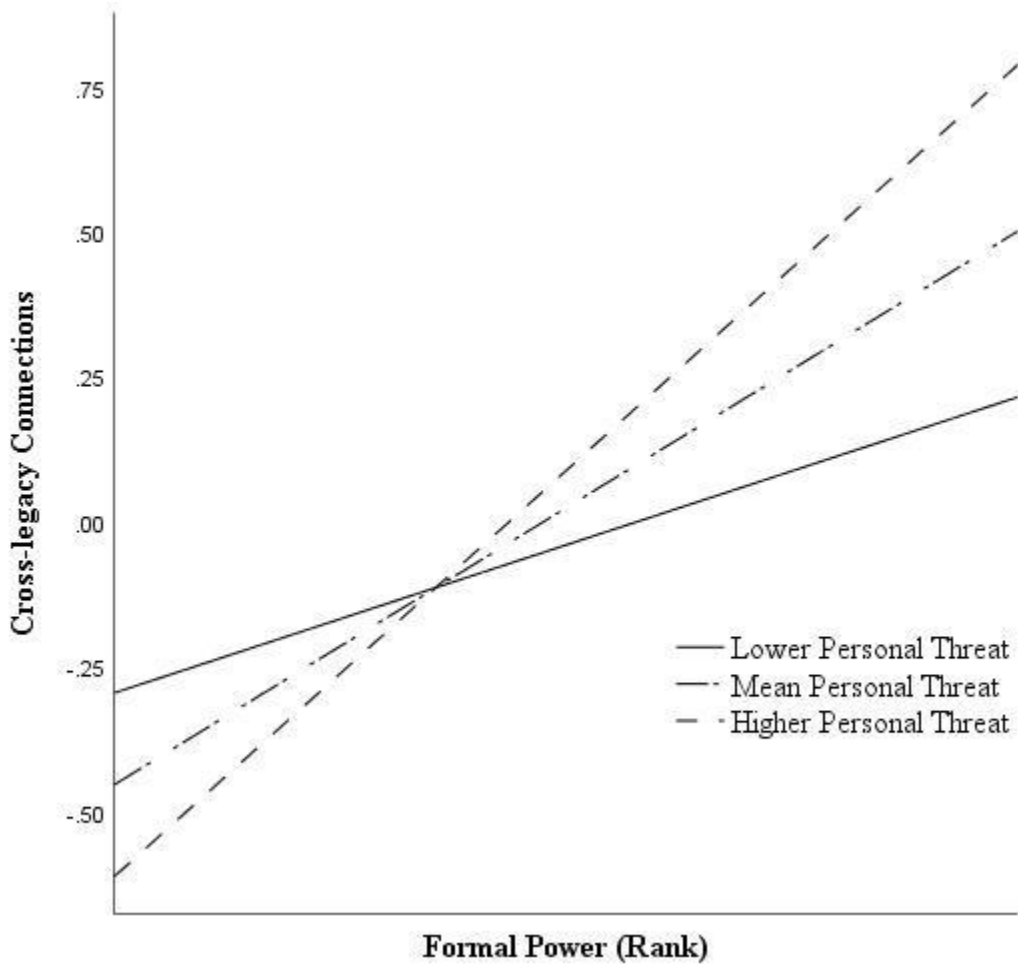
Figure 1. Theoretical Model.

Figure 2. Interaction Plot for Hypothesis 4a.

Note. The high and low values plotted above are the mean +/- 2 SD, respectively.
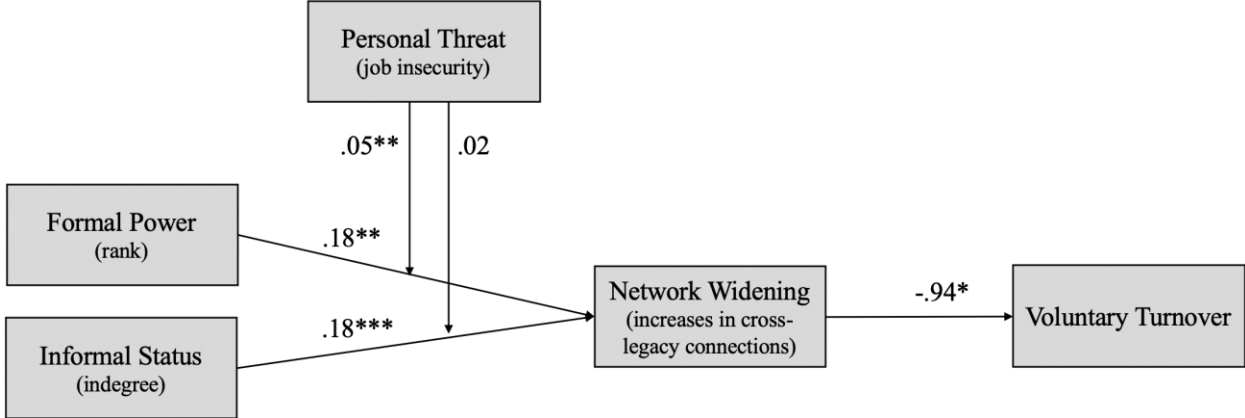
Figure 3. Model Results

Table 1. Descriptive Statistics and Correlation Coefficients

	Variable	Mean	SD	1	2	3	4	5	6	7	8
1	Voluntary Turnover	0.02	0.14								
2	Formal Power (Rank) (T1)	2.53	1.55	0.06							
3	Informal Status (Indegree) (T1)	21.09	15.41	0.07	0.28 ***						
4	Personal Threat (Job Insecurity) (T1)	-4.32	1.65	-0.05	-0.12 **	0.11 *					
5	Cross-legacy Connections (T2)	-0.77	0.32	-0.05	0.38 ***	0.35 ***	-0.05				
6	Cross-legacy Connections (T1)	-0.88	0.23	-0.01	0.34 ***	0.28 ***	-0.05	0.60 ***			
7	Pre-merger Organizational Identification (T1)	5.86	0.90	-0.03	0.15	0.17 ***	-0.16 ***	0.05	0.01		
8	Legacy Organization (T1) (1 = Luxury)	0.42	0.49	-0.02	-0.08	0.26 ***	-0.31 ***	0.07	0.00	0.11 *	
9	Network Size (Outdegree) (T1)	21.30	16.30	0.03	0.28 ***	0.84 ***	-0.09 *	0.29 ***	0.23 ***	0.13	0.22 ***

Note. N = 523. * p < .05, ** p < .01, *** p < .001. Variables are non-standardized.

Table 2. Mediation Process Models Examining Formal Power and Informal Status on Voluntary Turnover Through Cross-legacy Connection Change

	Model 1	Model 2
	Mediating Variable	Dependent Variable
	Cross-legacy Connections (T2)	Voluntary Turnover
Control Variables	β (SE)	β (SE)
Legacy Organization (T1)	.21 (.15)	-.96 (.81)
Pre-merger Organizational Identification (T1)	-.00 (.04)	-.29 (.15)
Network Size (Outdegree) (T1)	-.04 (.06)	-.50 (.31)
Cross-legacy Connections (T1)	.49 (.04) ***	.06 (.22)
Independent Variable		
Formal Power (Rank) (T1)	.18 (.04) **	.38 (.16) ***
Informal Status (Indegree) (T1)	.18 (.06) ***	.83 (.25) **
Moderator Variable		
Personal Threat (Job Insecurity) (T1)	.03 (.04)	-.31 (.21)
Mediator Variable		
Cross-legacy Connections (T2)		-.94 (.41) *
Mediation (Indirect Effects)		Effect 95% CI
Formal Power (Rank) (T1) -> Cross-legacy Connections (T2) -> Voluntary Turnover		-.17 (.95) [-.76, -.05]
Informal Status (Indegree) (T1) -> Cross-legacy Connections (T2) -> Voluntary Turnover		-.17 (.87) [-.78, -.03]
Constant	-.09 (.09)	-4.58 (.62) ***
F-statistic	54.01 ***	
R^2	0.65	
Log-likelihood		87.63 *
McFadden's Pseudo R-square		0.18

Note: N = 523. * $p < .05$, ** $p < .01$, *** $p < .001$. All continuous variables were mean-centered and divided by 2 SD prior to analysis. Standard errors are reported in parentheses. In Model 2, logistic regression coefficients are in log-odds metrics. All mediation and moderated mediation tests were done using 5,000 bootstrap samples.

Table 3. Conditional Process Models Examining Formal Power and Informal Status on Voluntary Turnover Through Cross-legacy Connection Change Across Levels of Job Insecurity

	Model 1	Model 2	Model 3
	Mediating Variable	Dependent Variable	Dependent Variable
	Cross-legacy Connections (T2)	Voluntary Turnover	Voluntary Turnover
Control Variables	β (SE)	β (SE)	β (SE)
Legacy Organization (T1)	.29 (.15)	-.73 (.81)	-.10 (.07)
Pre-merger Organizational Identification (T1)	-.01 (.03)	-.25 (.15)	-.25 (.15)
Network Size (Outdegree) (T1)	-.04 (.06)	-.58 (.30)	-.52 (.31)
Cross-legacy Connections (T1)	.49 (.04) ***	.09 (.23)	.14 (.21)
Independent Variable			
Formal Power (Rank) (T1)	.22 (.04) ***	.40 (.17) *	-.10 (.07) **
Informal Status (Indegree) (T1)	.19 (.06) **	.86 (.26) **	.82 (.25) **
Moderator Variable			
Personal Threat (Job Insecurity) (T1)	.03 (.04)		
Interaction Variables			
Formal Power (Rank) (T1) X Personal Threat (Job Insecurity) (T1)	.05 (.02) **		.10 (.07)
Informal Status (Indegree) (T1) X Personal Threat (Job Insecurity) (T1)	.02 (.02)	-.09 (.08)	
Mediator Variable			
Cross-legacy Connections (T2)		-1.0 (.43) *	-.98 (.42) *
Direct Effects			
Formal Power (Rank) on Voluntary Turnover		0.40 (.17) *	
Informal Status (Indegree) on Voluntary Turnover			0.82 (.25) **
Index of Moderated Mediation		Effect 95% CI	Effect 95% CI
Formal Power (Rank) X Personal Threat (Job Insecurity) -> Cross-legacy Connections (T2) -> Voluntary Turnover		-.05 (.21) [-.31, -.01]	
Informal Status (Indegree) X Personal Threat (Job Insecurity) -> Cross-legacy Connections (T2) -> Voluntary Turnover			-.02 (.12) [-.10, .03]
Constant	-.09 (.09)	-4.77 (.66)	-4.77 (.66) *
F-statistic	43.98 ***		
R²	0.66		
Log-likelihood		88.45 **	87.91 **
McFadden's Pseudo R		0.17	0.18

Note: N = 523. * p < .05, ** p < .01, *** p < .001. All continuous variables were mean-centered and divided by 2 SD prior to analysis. Standard errors are reported in parentheses. In Models 2 and 3, logistic regression coefficients are in log-odds metrics. All mediation and moderated mediation tests were done using 5,000 bootstrap samples.

Online Supplement 1: Sample and Email Network Data Description

Our research site, Luxury Standard, comprise four major constituencies: functional professionals, hourly workers at manufacturing plants, North American salespeople, and other overseas salespeople. Among these, only functional professionals were directly affected by the merger while other employees were not part of the integration by the time of our study. Hence, we focused our surveys on the functional professionals. A total of 1,118 employees were invited to take the initial survey. Of these, 908 participated (81%). For the second round of survey conducted a year later, 996 were invited and 830 participated (83%). In total, 790 employees were available to take the survey at both time points. Of these, 599 participated (75.8%) and comprise our final sample. Survey respondents' ages ranged from 19 to 81 (M = 43.2) and organizational tenure ranged from less than a year to 51.2 years (M = 8.1 years). Respondents were 40.7% female; 20% were members of a racial minority; 55% were Standard legacy employees and 45% were Luxury legacy employees. There were no significant differences between respondents and non-respondents in these categories.

Our long-term observation in the organization and interviews with key informants suggested that email was the preferred method of communication due to the organization's large size as well as the workforce's age, which at the time averaged in their mid-forties. Other potential sources of digital communication (e.g., texting) were not culturally relevant at the company during the study's timeframe.

After receiving IRB approval, the host organization granted us access to their email traffic. The organization was on an annual product cycle, so we extracted and formed the individuals' networks in the same month separated by one year (T1 and T2), in order to hold constant the underlying tasks that the organization was involved in during those periods (this time period also coincided with the survey administration in both years). This email database was then processed and cleaned to construct the networks using the dyadic

information. Relational data were created by treating the email addresses in the "from" field as a source and the email addresses in the "to" and "cc" fields as targets. Emails sent from non-human addresses were removed first (e.g., ordering systems sending update messages, meeting room messages). We also removed policy broadcast emails or large informative emails that didn't involve direct meaningful communication; instead, we focused on emails involving only the sender and no more than two targets (Quintane & Kleinbaum, 2011). Next, we filtered out any message that included someone from outside the formal boundaries of the company. Restricting the dataset to company-only messages removed spam messages as well.

Next, a network for each of the two time periods was constructed. Each network was a matrix of directed, valued ties constituting the number of messages sent from one person to another in a thirty-day period surrounding our T1 and T2 survey administrations. This network was summarized in an (n x n) matrix, where an element x_{ij} denotes the number of messages sent from Employee i to Employee j. The percentage of reciprocated ties were 65% in 2013 and 64% in 2014.

Nearly fifty percent of the edges had a weight of one or two (i.e., sources were only sending targets one or two email messages in an entire month), which was difficult to label as a recurring tie, and which might make the network structural measures unstable and difficult to compare over a year's time. We determined that a direct, meaningful communication tie between two employees in each period should be defined as constituting four or more emails exchanged during the thirty-day period. As such, a directed, dichotomous tie exists between an employee who sends four or more emails to another employee within the thirty-day period. Thus, we also removed directed ties with less than four messages in one month period.

To determine this threshold of four or more messages constituting a tie, we sought to identify the number of email communications required to produce the most stable networks. The network most highly correlated with all other networks would represent the network created by a threshold that is the most stable. We ran correlation analyses among degree centrality scores for networks with different thresholds (e.g., a tie constitutes one or more, two or more, three or more, etc. emails within a thirty-day period) in order to find the threshold that provided the most stable centrality scores. These correlational analyses supported the use of the threshold of four or more messages per month. We followed the same procedure for betweenness centrality and eigenvector centrality, with these correlational analyses consistently supporting the use of the threshold of four or more messages per month (more detailed information available on request).

Online Supplement 2: How Change in Reversed Yule's Q Impacts the Likelihood of Employee Voluntary Turnover

Reversed Yule's Q is defined as:

$$- Q = -1 * [(I * NE - E * NI) / (I * NE + E * NI)],$$

where *I* is the number of ties to those in the same legacy organization (internal ties), *E* is the number of ties to those in the other legacy organization (external ties), *NI* is the number of non-ties internal to the same legacy organization (internal non-ties), and *NE* is the number of non-ties to the other legacy organization (external non-ties). A reversed Yule's Q of -1 indicates perfect homophily (i.e., the focal employee's network ties are all within her legacy organization) and +1 indicates perfect heterophily (i.e., the focal employee's network ties are all to the other legacy organization). A reversed Yule's Q value of zero indicates no pattern of homophily or heterophily. Given that there was essentially no contact prior to the merger, average scores at T1 were near -1 (near-perfect homophily based on legacy) and were higher at T2 to the extent that employees' interactions across legacy boundaries increased.

Yule's Q is a more appropriate measure of an employee's homophily (or heterophily) for this study's purpose than other categorical diversity measures - such as the E-I index - because it accounts for the differing numerical availability of employees in Luxury and Standard (Watkins & Warriner, 2003). Former Luxury employees were likely to have greater opportunity for cross-legacy networking than Standard employees because there were more Standard legacy employees than Luxury legacy employees. Failing to take this difference in opportunity structure into account can over (under) estimate employees' relationship diversity. Yule's Q rules out this risk by considering both ties and non-ties, weighting the number of internal ties (I) with the number of non-external ties (NE). Specifically, a Luxury employee with a network that has many internal ties but few external ties is more homophilous than a Standard

employee with the same network since the Luxury employee has greater opportunity to develop external (cross-legacy) ties than the Standard employee, yet has chosen not to make more external connections.

We employed a common approach to standardization using two times the standard deviation of the variable, which places both continuous and binary variables on the same scale, allowing one to directly interpret the relative strength of the effects. As seen in Model 2 in Table 2, the log-odds of voluntary turnover for a one unit (i.e., 2SD) change in cross-legacy connections (Reversed Yule's Q) is -0.94, which translates to an odds-ratio of 0.39. This means that *voluntary turnover* is 39% less likely given a one unit (2SD) increase in cross-legacy connections. Alternatively, the odds of *staying* are 2.6 times higher for those who increase their cross-legacy connections by one unit (2SD). Since Reversed Yule's Q directly measures the ratio of internal and external ties (in this case, the ratio of cross-legacy to own-legacy ties), changes in Reversed Yule's Q can occur either by increasing or decreasing one's cross-legacy ties, decreasing or increasing one's internal ties, or a combination of these tie changes. Furthermore, the size of one's network is also a factor, as we will discuss below.

So how might an employee change their cross-legacy connections from T1 to T2 by two standard deviations?

To illustrate how Reversed Yule's Q changes as a function of specific tie changes, consider a hypothetical employee with the network at T1 seen below. This employee has a Reversed Yule's Q score of -1.00 since she has no cross-legacy connections. The table below shows the number of ties this employee has to her own legacy ("Own Legacy") and her counterpart legacy organization ("Cross-Legacy"), as well as how many ties she does not have (i.e. "No Ties") to each group and the total number of employees (100 for each organization):

Time 1	Ties	No Ties
Own Legacy	50	50
Cross-Legacy	0	100
Total employees		200
Reversed Yule's Q		-1.00

Then, at Time 2, if this employee adds 32 ties to her counterpart legacy organization (i.e., "Cross-Legacy"), without changing her ties within her own legacy organization at all, her Reversed Yule's Q score changes to -.36 (a change of approximately two standard deviations).

Time 2	Ties	No Ties
Own Legacy	50	50
Cross-Legacy	32	68
Total employees		200
Reversed Yule's Q		-0.36

Importantly, the number of ties that need to change to result in a two standard deviation change in Reversed Yule's Q depends on the size of the networks in question. To illustrate, consider a network with a total of 500 ties (250 for each organization). Again, the hypothetical employee has a Reversed Yule's Q score of -1.00 since he has no cross-legacy connections. As seen below, this

employee that has 25 own-legacy ties and no cross-legacy ties in Time 1; this employee only needs to add about 12 additional cross-

legacy ties in Time 2 to change his Reversed Yule's Q score by approximately two standard deviations (from -1 to -.38):

Time 1	Ties	No Ties
Own Legacy	25	225
Cross-Legacy	0	250
Total employees		500
Reversed Yule's Q		-1.00

Time 2	Ties	No Ties
Own Legacy	25	225
Cross-Legacy	12	238
Total employees		500
Reversed Yule's Q		-0.38

We have explored the impact increases in cross-legacy ties and network size have on changes in Reversed Yule's Q. Now let's consider how employees within Luxury Standard might need to change their cross-legacy connections in order to change their Reversed Yule's Q score by approximately two standard deviations, as well as the impact of this Reversed Yule's Q change on the likelihood employees might leave their merging organization.

To calculate how changes in Reversed Yule's Q influences the probability of voluntary turnover, we must make a number of assumptions. Using the total number of individuals in the sample (523), we consider the average employee, who has 25 outgoing ties

of which 23 were to their own legacy organization ("Own Legacy") and only 2 of which were to the other legacy organization

("Cross-Legacy") at T1. For employees from the Luxury legacy organization, Reversed Yule's Q would be about -0.88 (as seen in the

first table below). We can determine how many new cross-legacy ties would increase this Luxury employee's Reversed Yule's Q by

one unit (in this case, 2SD, or ~ 0.64 based on the standardization for our models). Given this, we can say that a 1 unit (i.e., 2SD)

increase in Reversed Yule's Q for this Luxury employee would require an additional ~16 cross-legacy ties, resulting roughly in a

reduction in the odds of someone voluntarily leaving the organization by a factor of about 0.38 (where Reversed Yule's Q increases

from -.88 to-.23). In other words, *voluntary turnover* is 38% less likely given this employees' addition of 16 cross-legacy connections.

Table 1. Luxury Legacy Organization Employee Example

Time 1	Ties	No Ties
Own Legacy	20	199
Cross-Legacy	2	302
Total employees		523
Reversed Yule's Q		-0.88

Time 2	Ties	No Ties
Own Legacy	20	199

Cross-Legacy	18	286
Total employees		523
Reversed Yule's Q		-0.23

Note. Cross-Legacy = Standard; Own Legacy = Luxury

For an employee from the Standard legacy organization with the same network at T1, the necessary increase in cross-legacy ties would require an increase of about 9 cross-legacy ties (as seen in the tables below). This differs from the employee from the Luxury legacy organization described above because there were a different number of employees in the Luxury (~219) and Standard legacy companies (~304). In this case, we could roughly calculate a 1-unit increase in Reversed Yule's Q, from -0.77 to -0.14 (~2SD), corresponding to a reduction in the odds of someone voluntarily leaving the organization by a factor of about 0.38. In other words, *voluntary turnover* is 38% less likely given this employees' addition of 9 cross-legacy connections.

Table 2. Standard Legacy Organization Employee Example

Time 1	Ties	No Ties
Cross- Legacy	20	284
Own-Legacy	2	217
Total employees		523
Reversed Yule's Q		-0.77

Time 2	Ties	No Ties
Cross-Legacy	20	284
Own-Legacy	11	208

Total employees	523
Reversed Yule's Q	-0.14

Note. Cross-Legacy = Luxury; Own Legacy = Standard