The Relationship between Perceptions of Organizational Justice and the Process of Mergers and Acquisitions

Nicholas Jackson

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ABSTRACT

Organizational justice represents the study of fairness in organizational settings and there is evidence of substantive relationships between an individual's perception of fairness in the workplace and their attitudes and behaviours. This subject has been largely overlooked in the context of an organizational merger or acquisition, which, considering the impact of employee resistance to change and its relationship with the persistently low achievement rate in mergers and acquisitions, raises a call for its potential influence to be examined. The study investigates the dynamics of perceived fairness within the specific change mechanisms of an organizational merger, and, in particular, considers the antecedents and outcomes of such a phenomenon. The use of a mixed methods design encompassed four separate phases, three of which were conducted within a recently merged university business school. In the first phase a survey revealed that fairness was an important factor in the employee evaluation process. Phase 2 consisted of a series of 25 staff interviews identifying and exploring the antecedents of organizational justice. In Phase 3, a second survey was introduced to test the significance of the key relationships to emerge from Phase 2. An NHS Trust, formed through the merger of two previously independent Trusts, provided the setting for Phase 4 of the study where the second survey, introduced during Phase 3, was administered amongst 386 employees. It was established from this study that the main antecedents of organizational justice evolved from ineffective communication mechanisms, a distrust of authorities and the merger procedures they implemented. The outcome of these perceived injustices was a belief that there had been a breach of psychological contract. The effect on behavioural and attitudinal outcomes from these perceived injustices was lower organizational citizenship behaviour, lower affective commitment and an increase in the intention to leave the organization in the near future.

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CHAPTER 1

Introduction

1.1 Context of the Research

Fair treatment of the employee is a much debated subject in organizations, and studies that examine both the conditions that will influence an individual's perception of fairness and their subsequent reactions, are well-documented (for example see Bies and Moag, 1986; Folger, 1993; Greenberg and Wiethoff, 2001). The relationship between increased uncertainty and perceived organizational justice (fairness) during organizational change has been identified (Bordia, Hunt, Paulsen, Tourish and DiFonzo, 2004; van den Bos and Lind, 2002) along with concerns of the subsequent affect upon behavioural and attitudinal outcomes. This study investigates the dynamics of perceived fairness within the specific change mechanisms of an organizational merger and, in particular, considers the antecedents and outcomes of such a phenomenon.

Encouraged, in part, by a desire for competitive efficiency in our increasingly globalised societies, there has been a significant proliferation in popularity of mergers and acquisitions as an organisational developmental growth strategy over the last 25 years. Exponential growth of mergers and acquisitions, by both value and number of deals, occurred during the late 1990s and, following a dip due to the early financial recession, growth has returned to a similar resurgent pattern since 2004. As an indication, the number of global deals increased from just fewer than 3,000 in 1983 to over 30,000 in 2007, and by value from US$84.9bn to US$3,974.5bn (Thomson One Banker, 2008). Many motives present a compelling case for this method of integration, including:

i) access to global markets, ii) diversification, iii) the opportunity to achieve operational efficiencies, iv) the opportunity to innovate through new capabilities and resources and v) benefits from increasing stability of the external environment through control of a supplier or competitor (see, for example, Hitt and Pisano, 2004; Horwitz et al., 2002; Worley and Cummings, 2001). Achieving such strategic objectives may present the organization with an opportunity to strengthen its resources and competences, perhaps

providing the competitive advantage pursued through this developmental growth strategy.

Johnson and Scholes (2002) define three forms of developmental strategy for organizations: internal development, acquisition and alliances. In comparison to other developmental growth strategies Horwitz et al. (2002) propose "Merger and acquisition strategies seek competitive advantages which organic growth cannot achieve" (p.2). They cite as major advantages, the acquisition of new capabilities and resources in addition to the potentially unrivalled opportunity for cost cutting. Furthermore, they provide greater control than the alternative options of licensing or forming alliances (King, Dalton, Daily and Covin, 2004). It is therefore recognised that this form of integration has the potential to offer a number of benefits to the organization and, in particular, when compared to alternative strategies such as organic growth or an alliance, the ability to grow the organization with an almost immediate effect.

However, despite the considerable increase in mergers and acquisitions over the last three decades it is also acknowledged that during this period there has been a continuing failure to achieve pre-acquisition strategic objectives (Cartwright and Schoenberg, 2006; Hubbard, 2001). While discussion has been directed on issues such as financial performance and resistance to change it is evident, following extensive review, that there is still a failure for organizations to successfully integrate, and the consistency of underachievement is endemic.

1.2 Research Problem

It becomes apparent that the consistently high rate of failure to achieve integration objectives has been, in part, a failure to understand the complexities of successfully managing people through the transition of change. In particular, employee resistance in response to cultural change and the need to transform identities has developed barriers to integration (for example see Larsson 1990; Lipponen, Olkkonen and Moilanen, 2004). A widespread claim is that over half of all mergers and acquisitions that fail to meet their strategic objectives of integration do so because of difficulties originating from the attempted combination of employees from the integrating organizations (Davy, Kinicki, Kilroy and Scheck, 1988; Marks and Cutcliffe, 1988). Full integration should

result in the emergence of a new organization that assimilates the working practices and policies of the old organizations and a transformation for employees from those organizational identities to a new organizational identity that encompasses a shared cultural meaning. However, barriers are often created by an employee resistance to these changes resulting in an endeavour by authorities to drive through the necessary integration of operational functions without the full support of employees. Identifying and understanding the reasons why individuals resist the change to a new organization is therefore important if they are to be encouraged to transfer their identities and embrace the developing shared meaning of the new organizational culture.

One of the recognised levers of employee change resistance is whether they feel the changes being undertaken in the workplace have been fairly applied (Folger and Cropazano, 1998; Thornhill and Saunders, 2003). Organizational justice is the psychological concept of fairness as perceived by the employee in relation to its three dimensions consisting of: i) the distributions or outcomes (distributive justice), ii) the procedures by which those distributions are determined (procedural justice) and iii) the communication of the distributions (interactional justice). Support for the notion that perceived organizational justice has been identified as influencing workplace attitudes and behaviours (for example see Moorman, 1991; Sitkin and Bies, 1993) such as a resistance to change, served to highlight a requirement to understand the dynamics of this concept. Organizational culture and identity are recognised as two important concepts that are influential in shaping employee attitudes and behaviours during the change process of a merger or acquisition (Hubbard, 2001; van Dick, Ullrich and Tissington, 2006), but there is a need to discover and explore the frameworks within which the complex relationships of organizational justice are developed (Gleibs, Mummendey and Noack, 2008; Meyer, 2001). In so doing, there is an opportunity to understand the influence such phenomena have on employee judgements of the decision outcomes from a merger or acquisition. On the basis that a significant number of mergers and acquisitions fail to meet many of their initial objectives it is clear that there are fundamental issues within the mechanisms of integration, suggesting that more research into the underlying causes of employee resistance is necessary. It is also clear that considering the three variables under discussion (culture, identity, justice), and within the context of a merger or acquisition, there has been a shortfall in research and a subsequent void of knowledge in relation to the impact of organizational justice.

1.3 Importance and Contribution of the Study

This study provides new data in an under-researched area and contributes to a debate that has important connotations within the realms of mergers and acquisitions. A review of the literature demonstrates that a number of scholars have highlighted there is little empirical evidence relating to the relationship between perceived organizational justice and the cognitive process engaged by employees during and after a merger or acquisition. An inquiry will provide the opportunity to develop a deeper understanding of the dynamics of organizational justice within the climate of a merger or acquisition and consider its significance in the light of other important variables such as organizational culture and identity.

The research set out to provide answers and improve clarity in the relationship between organizational justice and employee outcomes from the specific change process of a merger or acquisition. Other than a shortfall in current research, the requirement to further develop this area of study is based on concerns that perceived fairness in the workplace has a potential to influence employee outcomes such as job satisfaction (Davy, Kinicki and Scheck, 1991), organizational citizenship behaviour (Kaufman, Stamper and Tesluk, 2001; Moorman, Blakely and Niehoff, 1998; Rhoades and Eisenberger, 2002) and employee commitment to the organization (Hubbard and Purcell, 2001). Important attitudes and behaviours such as these provide reason to address a failure thus far to develop understanding of the relationship between organizational justice and an employee's evaluation of the specific change programme encountered during the integration.

Partly in consideration of the reasons already discussed, the research was prompted by three specific and fundamentally decisive factors. First, it is evident that many organizations have failed significantly to achieve their integration objectives, which provides scope for a practical contribution in this field of study. Second, it is evident that there are gaps in previous research relating to mergers and acquisitions, one of those being the relationship between perceived organizational justice, employee evaluations of the change event and subsequent outcomes. In response to this shortfall there has been a call for future research to assist in understanding the phenomena of

perceived justice within the change process. Finally, an interest in the area derived from practical experience provides a context for the researcher's initial approach to the subject of mergers and acquisitions.

1.4 Organization of the Thesis

This thesis comprises seven further chapters. Chapter 2 begins with an analysis of the emerging patterns and trends in global mergers and acquisitions during the last three decades, acknowledging integration methods, typologies and objectives before raising the question of why so many are deemed to fail in meeting their initial objectives. This being a persistent issue, consideration is given to what are the underlying factors upon which success or failure are pivotal and, taking the view of organizations as social systems, it is argued that a holistic approach of both hard and soft issues need to be included in the pre-implementation plan. From this argument develops the significance of human integration factors and a further argument is advanced considering how strategic choice of the organization (e.g. objectives, typology and method) influences the employee's perception and subsequent reaction to the change. Personal attributes that affect employee perceptions (culture, social identity, organizational justice and the psychological contract) are then discussed, followed by the difficulties encountered by authorities in their attempts to move people through the change and avoid the barriers of resistance. The significance of organizational procedures and the decision-making process are then examined along with the role of actors within that process, including the involvement of employees and how this may form part of an effective communication strategy with the organization.

In response to a call in chapter 2 for a better understanding of organizational justice and its dynamics within a merger or acquisition context, in chapter 3 the focus is on the subject of fairness and the outcomes of research conducted within similar environments of organizational change. It is argued that an individual's cognitive process of perceiving justice and subsequent influence on evaluating a change event may have a considerable impact on their capacity to accept or resist change and therefore influence their attitudinal and behavioural outcomes. An explanation of the concept of organizational justice is considered by initially looking at its development over time and then examining its three dimensions. Distributive justice and its effect on the employee

is discussed and, in particular, within the framework of its three rules, equity, equality and need. The role of procedural justice is examined in the light of three influential streams consisting of process control (Thibaut and Walker, 1975), procedural rules (Leventhal, 1980) and interactional justice (Bies and Moag, 1986). The concept of interactional justice and its development into a third dimension is then discussed. The review then moves on to consider the dynamic relationships of organizational justice, examining the interaction with organizational culture and identity and proposing an argument that there are five main themes of antecedent relationships. These relationship themes consisting of social accounts, voice, group influence, trust and affective state are then deliberated.

The research design is set out in chapter 4 where the aims, objectives and rationale of the study are proposed along with the strategy and structure of the research. A tabulated version of the research question and hypotheses is presented. In chapter 5 the methodology and data analyses are presented for the first of two organizations included in the study, a recently merged UK business school. The research in this organization was carried out in three phases, consisting of two surveys and a series of interviews. The methodology and analysis for each phase are presented in turn. The primary objective of the survey conducted in Phase 1 was to measure and compare the importance of organizational justice against the importance of culture and identity, and the method of analysis used was a comparison of means. The interviews conducted in Phase 2 were designed to explore the antecedents of organizational justice, and a detailed account of their analysis with the assistance of the thematic tool of template analysis is provided. The objective of the survey introduced during Phase 3 was to test the significance of relationships to emerge from Phase 2, and here regression analysis was used to test the hypotheses.

The fourth, and final, phase of research was conducted within an NHS Trust and involved administering the survey first introduced at the Business School in Phase 3. The methodology and results are presented in chapter 6 for this fourth phase of the study. Once again, the objective was to test the significance of relationships to emerge from Phase 2, supporting the results obtained from Phase 3 and therefore improve their external validity.

In chapter 7 the discussion of findings is presented which begins with an overview of the results and their implications, and is followed with a comparison of the findings to existing research. Finally, consideration is given to the implications of the research for current theory. Conclusions and recommendations are presented in chapter 8 beginning with a review of the study aims and objectives in light of the research findings, followed by an account of the practical implications of the study. Limitations of the research conducted are followed by an outline of recommendations for future research.

1.5 Summary

Over the last 25 years there has been a considerable increase in the number of mergers and acquisitions as organizations strive to achieve their strategic objectives through the many potential benefits offered by this form of integration. However, the barriers to change, experienced as human resistance, are substantive. An employee's resistance to embrace the new culture and identity has been recognised as one of the main barriers to change and it is these issues that lay the foundations of the current research problem. It is important to ascertain and understand the main drivers of these barriers and the psychological concept of perceived organizational justice has been identified as having a major influence on employee attitudes and behaviours. Although discussed for its impact in the evaluation of employee attitudes to alternative situations of change, the concept of perceived fairness and its dynamics are not well known within the specific change context of a merger or acquisition. This study will raise awareness for the practicing manager of the significance and influence that fairness may have on their evaluations of change and subsequent implications for the organization in its pursuit of integration objectives. The academic contribution improves knowledge of the important psychological concept of perceived fairness by identifying and exploring its dynamic relationships and considering their impact on employee attitudes and behaviours during the change processes of a merger or acquisition.

CHAPTER 2

Mergers and Acquisitions

2.1 Introduction

During the past 25 years there has been an increasing trend for organizations to develop and grow their business through merger and acquisition. A preference for this method of organizational development has seen it become the dominant strategic approach for organizations that wish to gain competitive advantage in a globalised business economy (Adler, 1997). Strategically, there are many reasons why an organization would choose to grow in such a potentially dramatic form, encouraging and then having to adapt to what can be described as transformational change. Not least, these include objectives such as gaining access to global markets, achieving operational efficiencies, resource sharing and improved innovation (Worley and Cummings, 2001) or the potentially lucrative prospect of gaining access to previously inaccessible markets (Hitt and Pisano, 2004). Of prime consideration, and therefore driving strategy, are possible benefits to be obtained from gaining a position of control over a customer or supplier, perhaps eliminating competition or diversifying through integration. In comparison to other developmental growth strategies Horwitz et al. (2002) propose "Merger and acquisition strategies seek competitive advantages which organic growth cannot achieve" (p.2). They cite as major advantages the acquisition of new capabilities and resources, in addition to the potentially unrivalled opportunity for cost cutting. Furthermore, they provide greater control than the alternative options of licensing or forming alliances. Therefore, it is evident that this form of integration has the potential to offer a number of benefits and the ability to grow the organization with an almost immediate effect, particularly when compared to alternative strategies such as organic growth or alliance through joint venture.

The discussion will now progress from the subject of why organizations merge to investigate what patterns and emerging trends have developed in merger and acquisition activity during the past three decades.

2.2 Emerging Patterns and Trends

2.2.1 The Growth of Mergers and Acquisitions

The popularity of mergers and acquisitions as a development strategy has increased significantly over the past 25 years and this is highlighted in Figure 2.1. Both number of deals and financial value respectively, show the growth pattern which corresponds with a period of increasing economic globalisation and significant rises in foreign direct investment. There is a substantial increase during the period 1998 to 2000 and then an equally rapid decline during the years 2001 to 2003. This coincides with a period of considerable economic expansion and subsequent contraction in global markets and corporate valuations. The incline continued again in 2004 until 2008 when, due to the world financial crisis, there was a severe decline in corporate valuations. It is noticeable that even so, after an initial decline, the number of deals has continued in strength.

Figure 2.1. Global merger and acquisition deals.
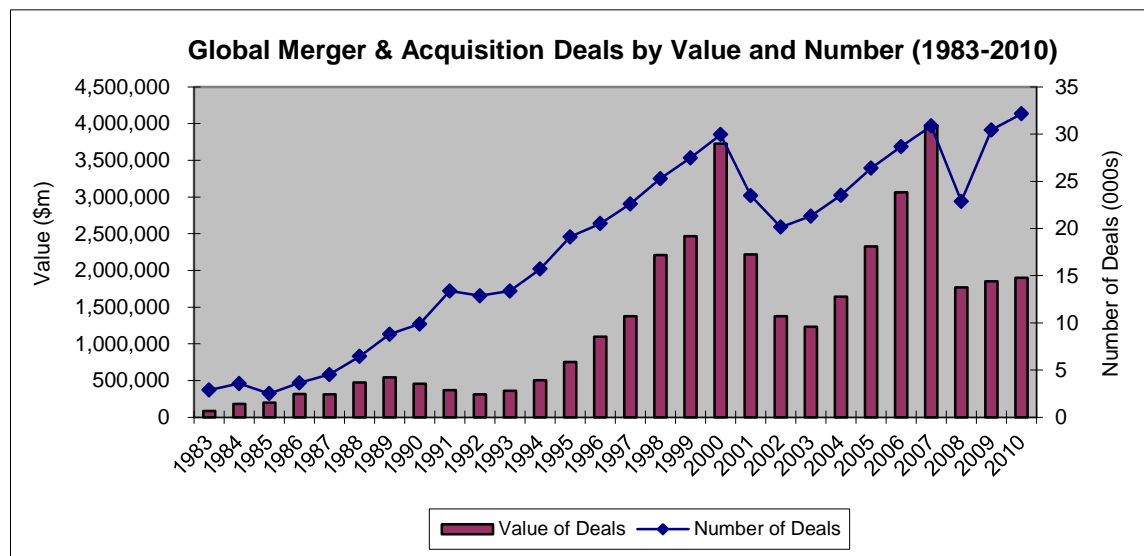
Note. Based on data presented by Thomson One Banker (2008; 2011)

The data in Figure 2.1 illustrate the considerable increase in volume of mergers and acquisitions for both value and number of deals concluded. Even though these statistics bear out the fact that strategically they are often the preferred route for growing organizations there are further data raising awareness to under-achievement, under-performance and stakeholder dissatisfaction.

2.2.2 Methods, Typologies and Objectives of Integration

Table 2.1 depicts the four methods of integration and their characteristics and within the table there is a reference to *hostile* and *friendly* acquisitions. The difference between these two acquisition typologies is that a hostile bid is attempted without the approval of the target organization's Board and a direct approach is made by the potential acquirer to the target organization's shareholders. A friendly bid will be put to the target shareholders by the potential acquirer with the approval of their Board. If these are viewed in their extreme forms then the contrast between the two is stark. In a friendly acquisition with a low-level of integration it is highly likely that the acquired organization will retain its own identity and most of its decision-making autonomy (Citera and Rentsch, 1993). In a hostile acquisition with a high-level of integration this is unlikely to be the case.

Table 2.1

Forms of organizational integration

Method of Integration	Characteristics
Merger	Entities are usually of a similar size. Transaction will consist of an exchange of shares with little or no cash.
Acquisition	Friendly: Deal goes to shareholder vote <u>with</u> board of directors' approval (An agreed bid).
	Hostile: Deal goes to shareholder vote <u>without</u> board of directors' approval (A hostile bid).
Proxy contest	Attempt to gain control of target company's board of directors via a shareholder vote.
Leveraged buyout	A purchase of shareholder equity by a group, often including incumbent management, and financed by debt, venture capital, or both.

Note. Based on material presented in "*Acquisition strategy and implementation*," by N. Hubbard, 2001. Basingstoke, UK: Palgrave.

According to Cartwright and Cooper (1992) there are four main strategic options for merging or acquiring organizations consisting of vertical, horizontal, conglomerate and concentric integration. These are presented in Table 2.2.

Table 2.2

Types of integration

Type of Integration	Characteristics
Vertical	Two organizations from successive processes within the same industry.
Horizontal	Two similar organizations in the same industry.
Conglomerate	Organizations in a completely unrelated field of business activity (e.g. footwear specialist acquiring a toy manufacturer).
Concentric	Organizations in an unfamiliar but related field. (e.g. a brewer acquiring a snack foods manufacturer).

Note. Based on material presented in "*Mergers and acquisitions: The human factor,*" by S. Cartwright & C.L. Cooper, 1992. Oxford, UK: Butterworth-Heinmann Ltd.

An example of a vertical integration would be a customer acquiring or merging with a supplier or, indeed, the supplier acquiring the customer, but the common requirement is that both organizations are from the same industry. A horizontal merger or acquisition is performed by two or more organizations at the same process level and from the same industry. This form tends to lead to the deepest level of integration, which may have consequences for the employee as processes are often duplicated. Both conglomerate and concentric integration generally involve organizations in less familiar fields and therefore a lower level of integration is often experienced.

The past 50 years has witnessed a radical change in the motives and objectives of integrating organizations. During the 1960s and early 1970s merger boom the scale and geographical spread of integration was more constrained in comparison to the liberated and globalised markets organizations operate in today. During this earlier period most combinations were of a conglomerate type whereas the merger booms in the 1980s, 1990s, and of more recent times, have seen a significant number of horizontal

integrations involving partnerships of organizations from the same field of business (Cartwright and Cooper, 1995).

2.2.3 Common Features of Failure and Success

Johnson and Scholes (2002) discuss organizations' motives for merging and acquiring and these can be viewed in Table 2.3. While this list is certainly not exhaustive, it highlights the more common reasons that motivate the need to merge or acquire and many of these are drawn by either the need for rapid expansion of the business or the objective of increasing efficiencies. For example, a dynamic external environment may not allow for time to expand or increase competencies organically or for the potential restrictions of an alliance with another organization. This is a very similar proposition for organizations wishing to access new markets, increase market share or take advantage of a need to rationalise resources. Often satisfying stakeholder pressure for short-term gain may be a key objective that drives the integration.

Merger and acquisition provides the opportunity to speedily accomplish these aspirations, and perhaps haste is of some significance to why over half of acquisitions fail to meet the objectives of the parties involved (Hubbard, 2001). This claim was also alluded to by Capron (1999) who stated that 50% of domestic acquisitions and 70% of cross-border deals fail to produce intended results. In addition Marks and Mirvis (2001) state that three out of four mergers and acquisitions fail to meet their financial and strategic objectives; statistics that have changed little in over 30 years of merger and acquisition (Cartwright and Schoenberg, 2006). During the early 1970s, and based on managers' self-reports, failure rates of 46%-50% were reported (Kitching, as cited by Cartwright and Schoenberg, 2006), compared to studies by Rostand (1994) and Schoenberg (2006) reporting failure rates of 44%-45%; figures that substantiate earlier claims (Hunt, Lees, Grumbar and Vivian, 1987; Ravenscraft and Scherer, 1987). In a study of 540 organizations, only about one third of the chief executive officers of acquiring companies were satisfied with the results (Erez-Rein, Erez and Maital, 2004). Johnson and Scholes (2002) add that following an acquisition, shareholder returns of both organizations are lower than they were pre-integration in as many as 70% of cases. Perhaps consistent with Wishard's (1985) early estimate that two hours productivity per employee are lost per day during the early stages of a merger.

Table 2.3

Motives for acquisitions and mergers

Motive	Characteristic
Adapting to a dynamic external environment	Offers the speed with which it allows the company to enter new product or market areas, particularly in a rapidly changing external environment.
Access to new markets	Acquisition overcomes the creation of excess capacity and therefore the risk of competitive reaction is reduced.
Increase market share Industry rationalisation	Acquirer may seek competitor's order book to gain market share; or may seek industry rationalisation by closing down their capacity.
Deregulation of markets	Deregulation has been a major driving force behind merger and acquisition activity in many industries (e.g. utility companies).
Financial motives	e.g. target company has a low price/earnings ratio; asset stripping etc.
Acquisition of resources and competences	e.g. R & D expertise, knowledge of production system, business processes or market needs; International developments (market knowledge etc.)
Cost efficiencies/ Rationalisation	e.g. target company further down experience curve and achieved efficiencies which would be difficult to match quickly by internal development. Rationalisation to cut out duplication or gain scale advantages.
Expansion	Acquisitions may be a quick way to deliver growth, but can also be destructive (e.g. 'parent' does not have sufficient feel for acquired businesses and, accidentally, destroys value (diversification)).
Stakeholder pressure	Stakeholder disparities – short- v long-term growth strategies.

Note. Based on material presented in "*Exploring corporate strategy* (6th ed.)," by G. Johnson & K. Scholes, 2002. Harlow, UK: Prentice Hall.

Tuch and O'Sullivan (2007) add, "In the short-run, acquisitions have at best an insignificant impact on shareholder wealth …. Long-run performance analysis reveals overwhelmingly negative returns" (p.141). They purport that the most successful performers (or least negative) are the acquisition of hostile targets, those paid for in cash and acquisitions of larger targets. Previous empirical studies confirm findings that targets of hostile takeovers do not under-perform targets of friendly acquisitions (Franks and Mayer, 1996; Kini, Kracaw and Mian, 2004). This may not be surprising if, as is often reported, most hostile takeover targets have previously under-performed; their capacity for improvement from a low base may be reason for this.

Successful integration may also be affected by other selection issues such as organizational reputation, performance and timing of acquisition (Larsson, Brousseau, Driver and Sweet, 2004). For instance, if a target for acquisition is a high-performer they are likely to cost the acquirer more and they may also encounter greater resistance from the workforce and management alike because they are more likely to have a high regard for both their own and their organization's potential. Conversely, staff from poor performing organizations may welcome the opportunity to become part of a more successful regime. This may be particularly pertinent where employees hold the incumbent management responsible for the downturn and a change in leadership is perceived as a renaissance to revitalise the organization. It is acknowledged that takeover strategy is often motivated by a belief that the acquiring firm's management can manage the target's resources better (Gaughan, 2011).

The price paid by the acquirer may reflect the problems currently being encountered by the target organization and any turnaround may be a relatively straightforward introduction of the acquirer's expertise or availability of new funding. Similarly, timing judgement of macro-economic forces can be a contributor towards success or failure to meet target objectives. For instance, Larsson et al. (2004) assert "Evidence suggests that corporate combinations made in late recessions have the advantages of lower prices, less organizational integration overload, and less employee resistance compared to those made during boom periods" (p.16). It should be noted that in such cases the likelihood of all round support and complicity of both workforce and management is considerably enhanced. Not all mergers and acquisitions are viewed as a threat, but in some cases as a potential opportunity.

A prime example of an organization deploying a successful acquisition growth strategy is Cisco Systems who, between 1990 and 2000, realised annual earnings per share growth of 59% and an annual average total return to investors of 73.4%. As established by Erez-Rein et al. (2004) Cisco achieved this rapid growth "using consummate skill in acquiring companies with the knowledge and human resources it needed" (p.21).

Therefore, it is suggested that there is scope for organizations to succeed in meeting their objectives from this type of integration. There are also success stories, and it is these that acquiring or merging organizations intend to aspire to. Because of the significant problems often encountered it is too easy to dwell on the negative aspects of mergers and acquisitions and forget that they can also add value and are capable of creating significant opportunities for both organization and individual alike to fulfil unmet needs (Marks and Cutcliffe, 1988). There is an opportunity to learn new knowledge and capabilities (Barkema, Bell and Pennings, 1996; Barkema and Vermeulen, 1998) and this is an example of how acquisitions can "revitalize acquiring firms and thereby foster their long-term survival" (Hitt and Pisano, 2004, p.47).

The utilisation of knowledge within an organization, both tacit and explicit, can be used as an illustration of how effective the event of new corporate partnerships can be in this process of revitalisation. Repeated use of an organization's knowledge base may lead towards a tendency to become rigid and narrow (Miller, 1993), but corporate acquisitions tend to revitalise the acquiring firm and encourage their long-term survival. A combination of existing forms of knowledge can encourage new knowledge to evolve (Kogut and Zander, 1992). When, over time, an alternative response is required such rigidity means they will have little scope to adapt to new circumstances and this may ultimately impinge on their very survival (Hannan and Freeman, 1984), a phenomenon Levitt and March (1988) called the *competency trap*. Vermeulen and Barkema (2001) continue this argument by asserting that acquisitions can "revitalize a firm and enhance its ability to react adequately to changing circumstances" (p.458). Their argument proposes that cultural clashes and tensions arising at implementation are at least partly, if not fully, compensated by breaking the acquiring firm's rigidities and enhancing their knowledge bases. Potentially, this may not be true in an unrelated acquisition because mechanisms are not in place to absorb the new knowledge, therefore affecting the

acquiring firm's ability to absorb new practices (Cohen and Levinthal, 1990; Lane and Lubatkin, 1998).

2.3 The Holistic Approach

As the data suggest, there is a significant risk, at least in part, that the objectives of integration may not be achieved. The impact of this failure to achieve certain objectives will of course depend upon their strategic importance and maybe their influence on the attainment of other organizational goals. Examples of such aspirations may include cost savings or increased shareholder wealth, or perhaps the satisfaction and unification of other stakeholder interests. There are many reasons why objectives may not be achieved and these are discussed by Johnson and Scholes (2002) who refer to frequently occurring problems, and define both economic and non-economic factors. Among the main economic reasons identified are an excessive amount paid by the acquirer, a failure to achieve expected added-value through synergies and a failure to successfully integrate the business activities of the old organizations into the new. Non-economic factors commonly identified are the failure to integrate cultures and organizational routines and the level of employee resistance to the change. There is evidence that many of these factors are interrelated and commonalities occur between economic factors and non-economic factors such as, for example, employee resistance to change and the integration of business activities. This aspect is considered in further detail.

2.3.1 An Interrelated Process

The complexity of integration is evident and it has been asserted that the failure to meet an objective may impact the attainment of other objectives within the organization. As Kavanagh and Ashkanasy (2006) assert, "Mergers are highly complex events with a seemingly infinite number of factors that can lead to success or failure" (S82). They refer to organizations as *social systems* and propose that a more holistic perspective is required to understand the impact from an organization level as well as each factor's subsequent interrelation with each other. A view supported by Sudarsanam (2003) who recognises the need to perceive the process of integration as a series of dynamic interrelated events, and considers that, "We need to avoid fragmented perspectives on

different stages of M & A which regard each stage as the sole determinant of success or failure" (p.2).

An expansion on this theme is offered through an empirical study carried out by the accountancy firm, and management consultants, KPMG, who surveyed 110 of the largest cross-border deals during the late 1990s. Their findings supported the principle that the likelihood of successful integration is significantly enhanced if both *hard* (e.g. financial performance) and *soft* (e.g. communication, culture, team selection) issues are considered in pre-implementation planning of a deal. Support for the proposition that the reasons for failure are highly interrelated was one of the main issues to emerge from the research (KPMG, 1999).

2.3.2 The Birkinshaw Model

Birkinshaw, Bresman and Hakanson (2000) add further support to the notion that operational synergies may not be fully realised without consideration of a holistic approach. They go further in stressing the need from the outset for due consideration of the human aspect of integration. Their research concluded that "the impact of human integration on acquisition success is more complex than usually suggested" and is "critical to the overall success of the acquisition" (p.419). They propose a level of human integration needs to be complete before attempting to undertake task integration. If, conversely, task integration precedes attempts at human integration then "there is a high likelihood of acquisition problems" (p.419) due to issues such as unfamiliarity of employees and suspicions surrounding acquisition motives. Therefore, a rushed acquisition process where task integration precedes, and is given priority over, human integration factors will seriously impede acquisition success.

2.3.3 Integration Management

Birkinshaw et al. (2000) delineate the two processes quite succinctly in their framework for integration management, which is displayed in Figure 2.2. The point being that for acquisition success to be achieved, both dimensions, task and human integration, need to be realised and a situation where one is achieved at the expense of the other has the potential to impede the route to what they acknowledge as acquisition success.

To enable the integration process to be entirely successful they maintain operational synergies need to be realised but not at the expense of employee motivation. The model draws emphasis on the need to avoid potential isolation of each process as management concentrate on particular complexities or potential risk factors associated with that process. For acquisition success to be realised it should not be a case of operational synergies versus employee satisfaction, but eventually their management needs to encompass a reconciliation of each dimension.

Figure 2.2. Framework for integration management
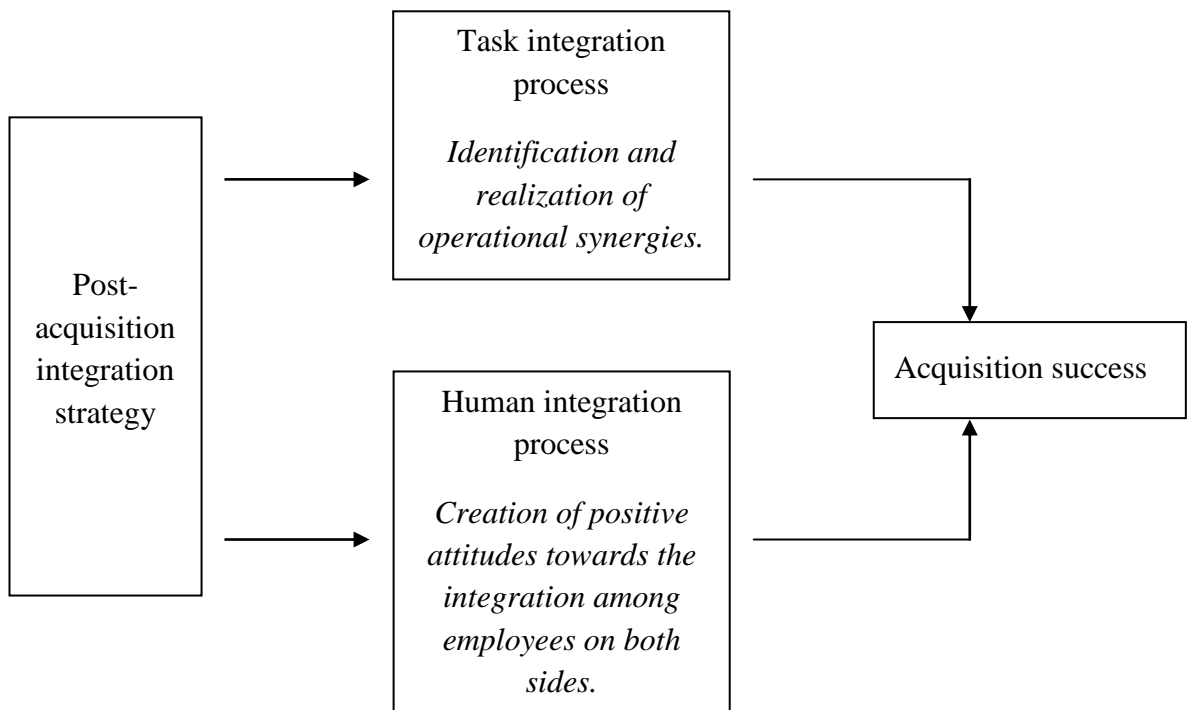
Note. From "Managing the post-acquisition integration process: How the human integration and task integration processes interact to foster value creation," by J. Birkinshaw, H. Bresman & L. Hakanson, 2000, *Journal of Management Studies, 37*, 395-425.

Summarising, it would appear there are a number of factors to arise that are often neglected in practice during a merger or acquisition. The first relates to a more complete and holistic approach to both the planning process and any necessary remedial action. Second, a proactive pre-implementation plan would appear essential for such a significant programme of change. A positive correlation has been recognised between

successful implementation and overall perceived success of the integration in 83% of cases (Hunt et al, 1987) making it, according to Hubbard and Purcell (2001) "the most decisive variable in success and failure" (p.17). A framework for integration management, such as that proposed by Birkinshaw et al. (2000), is an example of this proposition. It is also evident that employee resistance has an influence on the success of the integration process. Whether there has been sufficient consideration of soft issues for the support of employees through the transition appears to play an influential role in the organization's concerted efforts to realise their strategic objectives from the integration. It would also appear that a failure to consider soft issues in the pre- and post-implementation plan may raise difficulties with task integration in addition to those raised with employee integration.

Therefore an argument has been developed and supported for the proposition that success or failure of the integration plan is influenced by the consideration given to the needs and concerns of the employee throughout the process. It is from this aspect that the research will focus on the employee and their impact on the process, considering issues that affect their attitudes and behaviour and the dynamic relationships encountered in their development.

2.4 Human Influence

It is, therefore, apparent that there is a need for authorities to respect a mixture of both hard and soft issues before pre-implementation planning begins. In supporting evidence of the need to recognise soft issues as an integral part of the planning process it is asserted that over half of all mergers and acquisitions prove to be a financial disappointment due to the principal reason of employee reactions (Marks and Cutcliffe, 1988). A study of 200 European Chief Executive Officers cited cultural compatibility as one of the primary factors of overall acquisition success (Cartwright and Cooper, 1992). In further support of targeting soft issues, a survey of senior executives in the USA found that 85% of respondents considered personnel problems affect acquisitions more than financial problems (Davy et al., 1988). In the worst cases they found that between 33% and 50% of all merger failures were due to employee problems. Data that is supported in a discussion paper prepared by the British Institute of Management (1986) identifying 16 factors they associated with unsuccessful mergers and acquisitions, of

which almost half were related either directly to employee or employee management issues.

It is recognised that one of the key success factors in an acquisition is the retention of managers' knowledge and experience (Kudla and McInish, 1999), which should be of concern when it has been identified that staff turnover in the first two years of a newly acquired or merged organization is at least 30% (Cartwright and Cooper, 1992). Significantly, a finding from the British Institute of Management survey was that as employees are either subject to rationalisation plans or decide to leave the newly integrated organization, one of the main concerns was the loss of knowledge. This is conflicting behaviour when considering that research carried out into a number of large integrations found that 65% of successful acquirers reported they perceived managerial talent as being the single most important issue for creating value (Marks and Mirvis, 1998). An assertion reinforced by Kiessling and Harvey (2006) who acknowledge "One of the most valuable resources of the firm is the retention of the target firm's top management team and key employees" (p.1308). Additionally, it should be borne in mind that almost 70% of target-firm executives leave the newly formed organization within five years of the deal being completed (Krug and Aguilera, 2005). In support of this statistic, Walsh (1988) advises around two-thirds of US executives from target organizations will leave the newly integrated organization within five years. Furthermore, studies have related a decrease in acquired organizations' performance as turnover of their senior management increases post-acquisition (Cannella and Hambrick, 1993). Erez-Rein et al. (2004) purport "Finance is the easy part. Ultimately it is people, not money, who merge, bond, ally, and work together" (p.22).

For those that remain in the workplace and are subject to uncertainty caused by the change, there is evidence that this leads to unproductive attitudes and behaviour such as lower morale (Altendorf, 1986; Sinetar, 1981), job dissatisfaction, acts of sabotage and petty theft (Altendorf, 1986), absenteeism and concomitant stress (Hall and Northburn, 1987; Schweiger and Ivancevich, 1985; Sinetar, 1981). A fact discussed by Lipponen et al. (2004, p.392) who assert that it is well-acknowledged mergers "may have many harmful effects on employee well-being and behaviour", including increased staff turnover, lowered job satisfaction, high levels of stress and reduced organizational identification (the perception of oneness with or belonging to an organization).

Conversely, strong identification has been linked to increased job satisfaction, commitment, emotional well-being (Terry, Carey and Callan, 2001) and low levels of staff turnover (Abrams and Randsley de Moura, 2001). From this evidence it may well be deduced that if, during the integration process, an individual's level of identification can be successfully transferred from the old organization to the new organization, such negative behaviours may be mitigated, at least in part.

2.4.1 Behaviour Management

Forces within the organization social system will automatically use resistance in an attempt to neutralise any efforts to implement change strategies (Kavanagh and Ashkanasy, 2006). The significant impact from merging cultures, for instance, is often one of the major obstacles to the successful integration of organizations and therefore a clear understanding of the day-to-day functioning of its operators is vital. Schein (1992) refers to organizational culture being underpinned by deep assumptions that are patterned and shared and the influence this has upon how change occurs. This changing of minds as well as behaviour needs to be invoked as part of the corporate plan designed around the merger, and leaders will need to engage in considered planning of such fundamental soft issues. If leaders do not understand how to motivate behaviour change, this will result in the increased likelihood of resistance to the very proposal of change (Valikangas and Okumara, 1997). As a result of this failure mergers are often associated with high turnover and reductions in innovation (Hitt, Hoskisson, Ireland and Harrison, 1991).

To summarise briefly, it is acknowledged that there is significance between the high volume of mergers and acquisitions that fail to achieve their pre-implementation primary objectives and employee involvement either because of knowledge loss through their departure or, for those who remain, reaction to the consequences of that change. For those who remain, their reactions to the change will be determined by their attitudes and behaviours, and to understand these important developments there is first a requirement to identify the dynamic circumstances to materialise from a merger or acquisition and establish how these will influence the individual.

2.4.2 Factors That Impact the Employee

A complexity of motives characterising a merger or acquisition have been identified. Along with the subsequent methods and typologies of integration there are many factors that will make integration a dynamic situation and any succeeding effect on the employee will be difficult to determine. Therefore, it will be beneficial to consider how the various characteristics of integration may impact the individual at work and subsequently influence their attitudes and behaviours to the changes being undertaken. Some of the more familiar characteristics and their potential influence are discussed.

2.4.2.1 Strategic objectives

In consideration of Table 2.3 on page 13, it would appear that the retention of key staff will be an important factor in achieving many of the organization's objectives. This will be especially the case for those that require specific market or technological expertise, and perhaps where they can make an important contribution from tacit knowledge. On this basis, and particularly where integration is deep and the changes to structure may be radical, the potential contribution of an employee may determine their fate within the new organization, including their role and possibly whether they are retained within the new structure. Where there is a duplication of skills and abilities and unique contribution is limited then uncertainty for the employee is likely to proliferate. An example would be a horizontal form of integration where opportunities to achieve an objective of increasing economies of scale and scope would be enhanced by a consolidation of processes. Therefore the value of the individual within the new organization and the scale of the change they will endure may be a decisive factor in shaping their attitudes towards that change. An extreme example that presents human integration as less of a consideration to authorities may be where the prime objective is asset stripping or industry rationalisation through the elimination of a competitor.

Alternatively, an organization wishing to diversify, or perhaps enter a new product or geographic market, may be reliant upon retaining specialist knowledge, particularly within the target organization. Similarly, even within a related field, a target organization with greater experience or superior expertise in research and development may provide opportunities for an acquirer looking to progress within that field. Such core competences and unique capabilities of the existing workforce may be the prime

motive behind the acquisition and provide the opportunity to achieve such objectives. The recognition of human resource as a core competence and its role in enabling the realisation of strategic capabilities from a newly integrated organization is in part response to a rapid increase in globalisation and new technologies (Neef, 1999; Sullivan, 2000). Retaining this resource and maximising its potential to sustain an achieved competitive advantage is then the challenge for integrating organizations.

Bresman, Birkinshaw and Nobel (1999) acknowledged, organizations that gain a competitive advantage over their rivals are doing so increasingly by "innovative recombination of knowledge" (p.439), which, as they maintain, is often the key reason for acquisition. More recently, Galpin and Herndon (2007) discuss the importance of retaining knowledge during integration and the crucial role that this will play in overcoming mistakes made in the past. It is evident that for some acquiring organizations there is a premium value in resource acquisition, especially the unique resources that may be a) vital to the acquirer if entering a new market (Barney, 1991), and b) the main target of the acquirer to enhance their current range of resources, provide core competences and, ultimately, to provide sustainable competitive advantage (Hitt and Pisano, 2004). Attaining knowledge may bring long-term benefits and revitalise the acquiring organization, encouraging its long-term survival. It may not be the case however that there is capacity to take on new skills; an issue referred to by Cohen and Levinthal (1990) as the capability of *absorptive capacity*.

2.4.2.2 Integration typologies

Due to certain economic advantages (e.g. potential for achieving economies of scale) and the ability to enable the transfer of product knowledge and expertise, related acquisitions tend to perform more successfully than those in an unrelated area (Cartwright and Cooper, 1992); a claim also substantiated by Porter (1987). However, this trend towards the joining of related entities provides opportunity for deeper systems and human integration, and their success has subsequently become increasingly more dependent on wide-scale integration of their systems, procedures, practices and cultures (Cartwright and Cooper, 1995, p. 33). It may be the case that where an organization's primary objective includes creating efficiencies, employee reactions are less of a

concern to them. Consequently, this may create a converse perspective from the employee's point of view (Hubbard and Purcell, 2001).

The acquisition of core competences may well be a requirement represented by the case of a vertical, conglomerate or concentric acquisition (see Table 2.2 page 11) because of the potential diversities within the integrating organizations' product or service market. In such a case the need to retain the competences of staff for their potential specialist and unique abilities could be paramount to successful implementation of acquisition objectives. This is not to diminish the role of the employee within a horizontally-related acquisition because, for example, the target may have been acquired in respect of their superior experience, or their particular expertise in research and development. But in a situation of increasing dependence upon the target organization's capacity to offer unique capabilities, and perhaps the possession of superior core competences that are vital to the processes of that particular industry, then the importance of retention and commitment of those key staff who can offer these will be imperative (Johnson and Scholes, 2002).

2.4.2.3 Integration method

In addition to the strategic direction of integration, the method of approach by either the merging entities or acquiring organization can also be categorised depending upon a number of criteria (see Table 2.1, page 10). Once again, the dynamics of each case will provide the employee with contrasting perceptions of the integration and influence their evaluation of the changes being implemented. A relevant example is the power differential (acquirer relative to target) between the organizations involved, which may define whether the integration is deemed a merger or acquisition, as the former will consist of entities that are similar size. The dispersal of power across the entities has also been recognised as a major influence on perceived equity and justice (Halvorsen, 1984) because of its effect on the decision-making process (Haspeslagh and Jemison, 1991; Mirvis, 1985; Olie, 1994). This potential domination effect may be significant in how the new organization is developed as the dominating partner will have more opportunities to influence the structure and design (van Knippenberg, van Knippenberg, Monden and de Lima, 2002).

While the relative size of the integrating organizations may have significant influence, according to van Knippenberg et al. (2002) the difference between an actual merger and an acquisition is primarily, in practice, a legal matter. Despite the fact that during a merger the notion of equality is acknowledged, in reality there will be a dominant partner due to their size, profitability, power and influence or even perhaps their viability in comparison to their intended partner (Rentsch and Schneider, 1991). In fact, it is acknowledged that, from a psychological perspective at least, most mergers are actually takeovers (Cartwright and Cooper, 1992). To this case Hubbard and Purcell (2001) advise during research they used the term 'acquisition' rather than 'merger,'

> Since the latter presupposes a marriage of equals which very rarely happens, even if the acquiring company's top management assert that this will be the case. Indeed, this promise may be the first act of many in setting up expectations which are subsequently not met. (p.18)

From these inferences it would appear reasonable to accept there will be a dominant partner in most cases and it may be prudent to measure relative dominance on a scale of minimal to extreme rather than presume there is a case of true equality.

It should also be noted that not only size of organization but power, influence and even viability may determine which partner holds the dominating position in the relationship. In addition, it is also asserted that status may be an influencing factor. For instance, employees from the lower status organization in a merger, or target organization in an acquisition, may feel the most threatened by the event (Terry and O'Brien, 2001) leading to a lesser ability for adaptation and adjustment to the merger (Terry, 2003). The resulting attitudinal and behavioural responses from employees of the lower-status or target organization are more likely to be negative than employees from a higher-status or acquiring organization (Covin, Kolenko, Sightler and Tudor, 1997; Terry and O'Brien, 2001). For example, there may well be feelings of worthlessness and inferiority due to further loss of autonomy and status (Schweiger, Ivancevich and Power, 1987). Therefore, there is the challenge to overcome such negative affective reactions from this group of employees; reactions that positively influence behavioural resistance to change (Kavanagh and Ashkanasy, 2006).

It has been suggested that an individual's commitment to overseeing a successful organizational change process is impacted by their emotional or affective experiences

during it (Huy, 2002). Although, there is evidence that those from the low status group who are motivated to search for alternatives to the status quo and improve their social identity may be the more likely to respond positively to conditions of increased social mobility into a higher status group (Tajfel and Turner, 1979). This is in direct conflict with members of the high status group who will be motivated to maintain their identity (Amiot, Terry and Callan, 2007) and avoid a situation of reduced status from their merger partner (Hornsey, van Leeuwen and van Santen, 2003).

2.4.2.4 Hostile takeovers

Although hostile takeovers were very common in the 1980s and early 1990s (Tuch and O'Sullivan, 2007) they have become increasingly rare. A fact supported by Hubbard (2001) who asserts that less than 7% of all UK public bids are contested. According to Sudarsanam and Mahate (2006) hostile bids are rejected by target company management for one of two reasons: a) they aim to obtain a higher price for the company, and therefore a higher bid premium for their shareholders, and b) they aim to protect their own positions with the company (i.e. managerial self-interest). In this case it has been suggested that managers resisting a bid are those that have underperformed and therefore at risk of being replaced following a takeover (Jensen, 1993). Referring to *managerial utility theory,* Sudarsanam (1995, p.5) also asserts that "Acquisitions may be driven by managerial ego or desire for power, empire building or perquisites that go with the size of the firm" (p.5).

Significantly, the dynamics of a hostile bid promote a very different type of organizational behaviour to that resulting from a friendly bid. Friendly acquisitions promote the environment of cooperation and joint planning from the companies involved as the acceptance of integration becomes a formality once the threat of other potentially interested parties has been removed (Hubbard, 2001). This will not happen in a hostile takeover and the environment is much different. Communication, which is so vital at every stage, will not occur at the same level as that within a friendly acquisition, making the situation one of great uncertainty for employees. Adding to their uncertainty, acquiring management has no right to directly access target company employees and they may attempt to gain their influence through the media. Compared to a friendly acquisition, cooperation between acquiring and target management is

unlikely in a hostile bid (Sudarsanam and Mahate, 2006). Generally a hostile bidder will seek to take over underperforming targets and will look to improvements as a primary source of value creation, using the disciplinary nature of the acquisition to either remove incumbent management in the target company or direct them in an expected turnaround in the company's fortunes.

It is therefore evident that many factors specific to the type of integration will affect how the changes being implemented are perceived by the employee. As a consequence, their behaviour in the form of reaction to such change has the potential to affect organizational outcomes at a pivotal point in time. These issues are discussed in greater detail.

2.5 Employee Reactions

The discussion so far has focused on how the dynamics of integration lead to feelings of negativity in the employee and its subsequent effect on behaviour within the organization. Cartwright and Schoenberg (2006) refer to the "emotional and behavioural response of the employees involved" (p.S3) and discuss previous research that highlights underperformance as a consequence of the "cumulative dysfunctional impact that the event itself, its associated uncertainty and the subsequent process of integration have on individual organizational members." However, integration may also provide opportunities to change for the better. Huy (2002) maintains "Employees seek predictable relationships, dependable resources, and consistency in behavior and thinking, while simultaneously seeking new stimulation and personal development" (p.31). Once again, this emphasises the point that the dynamics of change in the context of integration can reinvigorate the relationship between organization and employee, reinforcing the intrinsic values that motivate and encourage productive behaviours. This may be particularly pertinent in a working environment that has become uncertain and dysfunctional due to poor leadership and ambiguous objectives.

2.5.1 Influential Factors

A number of factors particular to a situation of organizational change have a potential to influence employee reactions to the possible transformations experienced in a merger or

acquisition. Two of the most dynamic factors recognised and discussed within the framework of mergers and acquisitions are organizational culture and identity (for example see Badrtalei and Bates, 2007; Horwitz et al., 2002; Teerikangas and Very, 2006; Ullrich, Wieseke and van Dick, 2005; van Knippenberg et al., 2002; van Leeuwen, van Knippenberg and Ellemers, 2003). Also forming a prominent role in discussions about employee reaction to change and how its management is perceived by those affected by its implementation in the workplace are the two dimensions, organizational justice and the psychological contract (e.g. Bellou, 2007; Bligh and Carsten, 2005; Klendauer and Deller, 2009; Restubog, Bordia and Bordia, 2009) . These factors are considered in greater detail.

2.5.1.1 Culture

The cultural compatibility of integrating organizations is recognised as being an important element of their successful incorporation and has been examined as a multi-faceted phenomenon that bears influence from the complexities of combining multi-national organizations through to a simple corporate name change. The combining of resource and processes is often described as *organizational fit* which is acknowledged by Hubbard (2001) as a contributing factor towards the realisation of the organization's pre-merger objectives. An example of failing to achieve a pre-merger objective due to a *mis-fit* in the combination would be an unsuccessful attempt to gain meaningful synergies because of an incompatibility between either industry or geographic knowledge, a potential problem that develops with a diversification strategy. In raising the problem of cultural fit Hubbard discusses how successful implementation of the integration is difficult without addressing such an issue. Further reference to cultural fit is acknowledged by Johnson and Scholes (2002) who advise the following options are available to integrating organizations:

    i)   *Parent* culture remains predominant and efforts are made to assimilate the partner company into that culture.

    ii)   Combine the features of both organizations into a *hybrid* culture.

    iii)   Keep the previous cultures intact and separate.

The third option is only realistic if the integration of business activities is not of prime importance.

These three contrasting strategies of cultural fit are also recognised by Larsson (1990) and Larsson and Finkelstein (1999) who refer to them as: i) *hard/controlling,* which can be approximated to Johnson and Scholes' parent culture; ii) *co-competence,* akin to a combination, or hybrid culture; and iii) *soft/avoiding,* or keeping the cultures intact. These strategies are presented in Table 2.4.

Table 2.4

Approaches to integration

Strategic Approach to Integration	Characteristics
Hard/controlling	Attempts to eliminate possible culture clashes and employee resistance as quickly as possible. Concentrates on implementing acquirer's methods of operating. Achievement of functional integration is rapid but at the expense of promoting an atmosphere of employee resistance.
Co-competence	Focuses on exploiting the competences of both firms. Requires constructive and learning interaction between the integrating organizations.
Soft/avoiding	Aims to preserve existing values of integrating firms. Integration develops slowly as the joining firms learn about each other and establish trust. Approach minimizes employee resistance but at the expense of full integration.

Note. From "*Coordination of action in mergers and acquisitions: Interpretive and systems approach towards synergy*," by R. Larsson, 1990. Lund, Sweden: Lund University Press.

Co-competence is the superior approach for accomplishing the required level of integration, partly because it is perceived as being more equitable. The main stipulation is the recognition of both organizations' core competencies and attempts to exploit these within the newly formed entity (Larsson, 1990; Larsson and Finkelstein, 1999). Focus is on combining the best complementary competences from both and therefore tends to somewhat overcome the label of prejudice and bias. Such dimensions may have

important implications towards fairness in the process and how this is perceived by employees from both target and acquiring organizations. This highlights the potential that further clarification of this proposition may throw new light on the subject.

In consideration of the other two approaches, the soft/avoiding approach, while evading early conflict, is only a realistic possibility in situations of low or zero integration. As an example of the hard/controlling method of integration it has been recognised that in an attempt to impose their will, dominant organizations sometimes dismiss senior management from the target company in order to establish their own culture (*monoculturism*) on the newly integrated organization (Cartwright and Cooper, 1992). It has also been asserted that such a move will be conducive to a resistance of the integration by target employees and lower the chances of them being willing to identify with the new organization (van Knippenberg et al., 2002).

Reger, Mullane, Gustafson and DeMarie (1994) offer a vision of organizations as social systems comprising work, people, formal and informal systems. They propose that the key to choosing the right approach to culture change is to understand that this is how the organizations function, that they are inherently resistant to change and designed to neutralise the impact of attempts at change. The issue of moving people through the transition from an organization's past to its future will often fail because the cognitive structures of members constrain their understanding and support of the new initiatives. Employee reaction to the management of acquisition change is deemed to be the cause of many acquisition failures that can lead to stress and ambiguity within the workforce. In relation to this, studies have found effective communication during acquisition reduces ambiguity and employee stress, thereby increasing chances of success (Napier, Simmons and Stratton, 1989).

Therefore, the strategy and objectives will once again be fundamental in determining policy of the process because the depth of integration will need to be supported by the approach most representative to its needs. For example, a hard/controlling approach may be more appropriate where there is a need to quickly embed integrated processes such as where operations are conducted in a dynamic external environment. Or perhaps where the comparative size differential between the integrating organizations is considerable there will be greater opportunity for the acquirer to impose their policies

and operational procedures. This approach is unlikely to be effective where there is a merger of equals, in consideration of both organization size and also their pre-merger status.

The transfer of an individual's identity from the old organization to a newly integrated organization will therefore influence the level of resistance to culture change and, subsequently, this will have important implications towards their support for any new initiatives.

2.5.1.2 Identity

Early positive employee responses towards an integration partner are often quickly dissolved into a *them-and-us* attitude (Cartwright and Cooper, 1996). This may lead to reactions such as an intention to leave (Mottola, Gaertner, Bachman and Dovidio, 1997; van Knippenberg and van Leeuwen, 2001), stress (Lipponen et al., 2004; Terry, Callan and Sartori, 1996) lower productivity and illness (Cartwright and Cooper, 1993) and lower job satisfaction (Lipponen et al., 2004). Mael and Ashforth (1992) define organizational identity as "The perception of oneness with or belongingness to an organization, where the individual defines him- or herself in terms of the organization(s) in which he or she is a member" (p.104). It is clear that encouraging employees to accept the merger partner and identify with the new organization to emerge will have a substantive influence on their subsequent attitudes and behaviours, which will include the need to maintain employee commitment. Organizational identity has been identified as a key determinant of commitment (Bartels, Douwes, de Jong and Pruyn, 2006) and is therefore a highly significant factor in the merger process and the mechanisms engaged to discourage employee resistance.

Depending on the level of integration, members of an organization will need to *disidentify* with the pre-merger organization when it is dissolved (Chreim, 2002). As well as the depth of integration the balance of power may influence continuity of identity. It is recognised in either a merger or acquisition that a dominant partner will demonstrate a stronger sense of continuity than the subordinate partner whose members are deemed to experience the integration as more threatening (Gleibs, Mummendey, and Noack, 2008). Because the integration creates a threat to the organization's identity and,

in turn, the employees' social identification with their organization, consequentially it may also have a negative impact upon their collective identity and self-esteem (van Dick et al., 2006). The whole phenomenon of organizational identification draws on the desire to fulfil social needs, and the social group individuals belong to form a significant part of their self-concept (Tajfel and Turner, 1986). An increase in an individual's identification with a group will extend the influence the group has over that individual's attitudes and behaviours (Hogg and Abrams, 1988; Tajfel and Turner, 1986; Turner, Hogg, Oakes, Reicher and Wetherell, 1987).

Therefore, the threat of change to identity is not only common in the subordinate merger partner but may also effect members of the dominant organization. This may also be exacerbated where there is a situation of common fate and access to rewards for the high-status, or dominating, organization is perceived to be diminished through integration with a less prestigious, or subordinate, organization (Hornsey et al., 2003). This may be particularly prevalent where members of that common group have been subject to the same decision rules, or the rule of equality has been applied during decision making (Brewer, 2000).

It has been argued that continuity is vital to identification with the post-merger company (van Knippenberg and van Leeuwen, 2001; van Leeuwen et al, 2003), a situation that can be created if the change does not affect the employees' daily work and the sense of continuity helps translate the pre-merger identification into a new identification with the new organization (van Dick, Wagner and Lemmer, 2004). These individuals are more likely to perceive the post-merger organization as a common in-group, experiencing the lowest negative emotions and most positive job satisfaction levels. Such research has identified three key factors that will have a significant influence on post-merger identification. These consist of the level of pre-merger identification, perceived continuity or in-group typicality (Bartels et al., 2006) and the influence of perceived fair treatment of the individual (Amiot et al, 2007; Lipponen et al., 2004).

2.5.1.3 Organizational justice

While culture and identity are recognised as a major influence of an individual's perception and subsequent reaction to the process of change, a third component,

organizational justice, is also discussed. Hubbard and Purcell (2001) consider properly managed employee expectations during the change implementation process will lead to less employee uncertainty and ambiguity. They assert,

> If, however, there is a mismatch in expectations and employee perceptions of trust in management and the 'fairness of the deal' are thwarted, the outcome can be expected to be undesirable for both the individual's sense of well-being and organizational performance. (p.18)

Here there is acknowledgment of the relationship between employee commitment to the organization, perceptions of trust in management and fairness of outcomes from the decision-making process. There is also a reference to the relationship between an employee's perception of fairness, its affect upon the employee and recognition that this may influence organizational performance. However, if it can be shown that the procedures and processes employed to determine an outcome are genuinely fair, even if those outcomes are undesirable to the employee, then this action is likely to moderate the impact of negative reactions (Thornhill and Saunders, 2003). This method of building trust in the relationship and increasing the probability of employees accepting the outcomes, even when those outcomes are adverse, has been termed the *fair-process effect* (Folger and Cropanzano, 1998; Folger, Rosenfield, Grove and Cochran, 1979).

The important employee attitude of commitment is governed by the level of *perceived organizational support* (POS) they receive in an ongoing two-way reciprocal relationship (Eisenberger, Huntington, Hutchison and Sowa, 1986). A concept identified as closely related to organizational justice, POS is described as portraying caring, approval and respect of the employee by the organization, which it is believed will fulfil socio-emotional needs, leading to incorporation into their social identity of role status and organizational membership. Indeed, it has been acknowledged that through the norms of reciprocity perceived fairness builds a relationship of positive outcomes that may be important to the organization and a potential direct impact upon the ability to achieve strategic objectives. For instance, a positive relationship has been developed between *process control* (level of control over the process of determining a decision outcome) and positive perceptions of fairness and job satisfaction (Davy et al., 1991). Subsequently, this has a positive effect upon commitment levels of the employee and their intentions to stay (Saunders, Thornhill and Lewis, 2002); attitudes and behaviours that management may seek to inspire, particularly during the acquisition process. In

addition, Rhoades, Eisenberger and Armeli (2001) established a relationship between perceived organizational support, affective commitment and voluntary employee turnover. Further support is provided by Allen, Shore and Griffeth (1999) who also found evidence of a relationship between participation in decision making, POS and affective commitment.

According to Serpa, in a merger there is an ethical challenge to ensure that all employees are treated equitably within the new organization. Serpa (1988) maintains, "Without equity, the chances of success for the new corporation are markedly reduced since the more qualified employees may not be retained" (p.359). The incidence of high turnover in merger and acquisitions has long been acknowledged (see Cartwright and Cooper, 1993; Lipponen et al., 2004), due in part to a potentially unstable environment, leading to uncertainty and a lowering of commitment towards the organization (Galpin and Herndon, 2007). A study in the US revealed senior executive turnover rates of almost 50% within the first year of the deal and rising to almost 75% by the end of three years (Unger, 1986); statistics confirmed in further studies (Krug and Hegarty, 1997). Taking these statistics into account it is hardly surprising that so many collaborations fail to meet their targets, considering that often one of the primary objectives of contemporary acquisition strategy is to benefit from the knowledge and skill being acquired.

Therefore, there is evidence that individuals will more readily accept change if they perceive their own treatment as being just and fair (Cordery, Sevastos, Mueller and Parker, 1993; Kirkman, Shapiro, Novelli and Brett, 1996; Konovsky and Cropanzano, 1991). Group cohesion is assisted by a perception of fair distribution of rewards, which also contributes towards cooperation in an effort to reduce situations of conflict (Deutsch, 1985; Lind and Tyler, 1988; Sitkin and Bies, 1993). In addition, it has been found that individuals are more likely to engage in *organizational citizenship behaviours* (Moorman, 1991), an employee act of unrewarded extra-role behaviour. It is also acknowledged that organizational citizenship behaviour is influenced by *procedural justice* (perceived fairness in the process of setting procedures) with POS acting as a mediating variable (Kaufman et al., 2001; Moorman et al., 1998; Rhoades and Eisenberger, 2002). Such actions may be particularly favourable during integration

when achieving primary objectives will be dependent upon maximising cooperation from the workforce. Further examination of this relationship would enhance understanding of the dynamics of organizational justice within the process of a merger or acquisition.

The discussion led by Hubbard and Purcell (2001) relating to expectations of trust in management and employee perceptions of fairness in the process is an example of their psychological contract with the organization. The significance of this relationship is discussed in more detail.

2.5.1.4 Psychological contract

A psychological contract (PC) emerges when one party believes that a promise of future returns has been made, a contribution has been given, and therefore, an obligation to provide future benefits has been created (Rousseau, 1989). It is based on the specific job, exists purely between the company and its employee (Robinson, 1996) and includes expectation of what is the employee's role, and the behaviour that is expected and rewarded in fulfilling that role (Hubbard, 2001). It has been reported that employees will periodically tend to re-assess their psychological contract relationship with the organization and give consideration to any changes that have taken place (Rousseau and McLean Parks, 1993). In a case of organizational restructuring it has been proposed that the existing psychological contract is replaced by a new one (Baruch and Hind, 1999), and similarly in the event of a merger the initial contract formation ceases to exist (Bellou, 2007). There is evidence that from the perspective of the employee a simple termination and replacement of the psychological contract is rather more difficult in practice and that a more complex relationship exists. For instance, because by definition change alters the contract (Morrison, 1994), during the change process typically encountered in a merger or acquisition employees will be vigilant to ensure that there is no breach of the organization's expected contribution. The new expectations are not created through pronouncements of what is expected from future exchanges, it is rather a case that employees seem to detect changes in the new setting and make comparisons with the previous ones (Louis, 1980).

Psychological contract breach takes place when one party in a relationship perceives that the other party has neglected to fulfil what has been committed or promised (Rousseau 1995). By their nature they are enveloped within the social and economic exchange relationships experienced between the employee and organization, whereby it is expected that contributions from one party will be reciprocated with the other party providing some contribution in return. Therefore the norms of reciprocity (Gouldner, 1960) are of particular relevance to this relationship. This framework has been advanced to distinguish between two types of contract: i) *transactional*, which is based on the principles of economic exchange (e.g. pay, benefits); and ii) *relational*, based on the principles of social exchange and more akin to facets of the job such as communication and social support. The transactional contract, based on the economic exchange relationship, is relatively short-term in contrast to the relational contract, which is more long-term (Bligh and Carsten, 2005). Typically, the transactional contract is held by employees who have temporary contracts and few commitments to the organization whereas the relational contract is inextricably bound in organizational loyalty and support.

Possible impacts on the individual and organization of perceived contract breach have been identified as having potentially negative consequences on organizational outcomes. For instance, significant relationships have been found with job performance and citizenship behaviour (Restubog and Bordia 2006; Restubog, Bordia and Tang, 2006; Robinson and Morrison 1995; Turnley, Bolino, Lester, and Bloodgood, 2003) and important workplace attitudes such as commitment, satisfaction and turn-over intentions (Kickul and Lester 2001; Restubog and Bordia 2006; Restubog et al. 2006; Turnley and Feldman 1999).

Cartwright and Cooper (1992) add that the period following a merger announcement or rumour is one of personal risk analysis and self-appraisal when the employee will decide whether they wish to form a new contract with their new employer. Alternatively they may decide they do not wish to form part of the new organisation and leave the company altogether. These situations are likely to be moderated by factors such as alternative employment prospects, financial considerations, social support and the effect of demographic variables (i.e. age, education, geographical mobility etc.). Again, they

state that consistent communication is important during these stages of the merger or acquisition process if employee uncertainty is to be addressed.

As the period of integration begins employees are often expected to become familiar with a new setting, accept its principles and values and adjust their attitudes and behaviour accordingly (Chao, O'Leary-Kelly, Wolf, Klein and Gardner, 1994). This need for them to enter into a process resembling organizational socialisation often aggravates employee uncertainties (Schweiger and DeNisi, 1991). Hubbard (2001) discusses renegotiation of the PC needing two main elements: trust (depending heavily on trust that neither party will take advantage of the other) and effective communication. The new PC will be developed out of the new socialisation process, which is more likely if implementation has been a smooth process supported by effective two-way communication for the individual. The study by Schweiger and DeNisi similarly emphasises the importance of honest and direct communication with employees following a merger. Due to their disruptive nature, mergers tend to have a negative impact on employees and how they cope with the changing organizational environment will be directly affected by the effectiveness of the organizational communication. In this, senior managers will play an important role.

Any findings from this research relating to psychological contract breach may be particularly pertinent because it has been emphasised that empirical knowledge in the field of psychological contract breach and mergers and acquisitions is still limited (Bellou, 2007), raising the need for further inquiry.

In addition to these four influential characteristics, the nature of change can also have a purposeful influence on the employee's interpretations and reactions. Whilst this may depend on the scale of change it will also be influenced by the organization's strategic intentions and the model of change adapted to these circumstances.

2.5.2 Models of Change

The uncertainties generated by moving from the known to the unknown may well depend on the nature of the change and level of impact this will have on the organizations. For instance, Miller and Friesen (1982) distinguish between evolutionary,

revolutionary and quantum changes, while Weick and Quinn (1999) discuss the differences to emerge from episodic and continuous change. As an example, integration may form part of a much wider programme of change or equally it may follow a period of inertia in the integrating organizations and be recognised as revolutionary or even quantum change. The extent of change experienced in a merger or acquisition will be dependent on many of the factors discussed relating to strategic objectives, methods of integration and typologies (e.g. deeper integration from horizontal acquisition).

Pertinent to episodic change is Kurt Lewin's (1958) Three-Step Procedure model, which is depicted in Figure 2.3. This model demonstrates a linear process of *Unfreezing* the original situation, *Movement* during the period when the change is introduced, and finally *Refreezing* to capture the changes that have been made. Lewin's model represents episodic change.

Figure 2.3 Three-step procedure for episodic change

Unfreezing ⟶ Movement ⟶ Refreezing

Note. From "Group decision and social change," by K. Lewin, 1958. In W.B. Burke (1992). *Organization development: A process of learning and changing*, (2nd ed.). Reading, MA: Addison-Wesley Publishing Company.

Burke (1992) explains the stages of Lewin's model and describes unfreezing the present level of behaviour, followed by movement "to take action that will change the social system from its original level of behaviour" (p.55) and finally refreezing by "establishing process that will make the new level of behaviour relatively secure against change."

One of the facets of continuous change is that there is no discernible beginning or end point to the process (Orlikowski, 1996). It is better understood as a series of fast mini-episodes of change and therefore represents change on a micro-level as opposed to the macro-level characteristics of episodic change (Weick and Quinn, 1999). In contrast to the Lewin episodic change process model, the continuous change framework looks to freeze the ongoing change "to make a sequence visible and show what is happening." (Weick and Quinn, p.379). This follows a period of rebalance to reinterpret, inform and make any necessary changes to the situation, and then unfreeze to continue with a better

informed process. Weick and Quinn's model of continuous change is illustrated in Figure 2.4.

Figure 2.4 Three-step procedure for continuous change

Freeze ⟶ Rebalance ⟶ Unfreeze

Note. From "Organizational change and development," by K.E. Weick and R.E. Quinn, 1999. *Annual Review of Psychology*, *50*, 361-386.

Lewin's episodic change model is driven by inertia in a situation where it is necessary to create change, an ideal example being an under-performing target in a proposed merger or acquisition transaction. But, a target may be the out-performer being purchased because of its unique capabilities, offering an acquirer the opportunity to escape from a period of inertia, and the acquisition is perhaps motivated by a reactive change to the acquirer's environment. It becomes possible that the nature of the change is very different for either target or acquirer and the appropriate framework will be contingent upon the individual circumstances of the integration.

2.5.3 Emotional Reaction to Change

In general terms organizational change has been defined as "Alterations to an organization's structure, its processes and/or its social system" (Kiefer, 2005, p.877). Change may alter structure such as hierarchy and the functioning of departments (Porras and Silvers, 1991), work processes and work structure, and also the perceptions of fair treatment the individual receives as an event of the change (Kiefer). From the results of her research Kiefer asserts negative emotions are not experienced as a result of the change *per se,* but the individual's evaluations and constructed perception of the specific events leading to a potentially harmful or threatening outcome for that individual. Kiefer (2002) maintains that emotions are an expression of the underlying difficulties an individual is experiencing during the implementation of change rather than the cause of the problems. There is a difference between the individual's emotion and mood, where an emotion involves an appraisal of an object or event (Frijda, 1993) and a mood generally lacks focus and a contextual stimulus (Weiss and Cropanzano, 1996). The effect of change on the individual is described as a trigger event (Isabella, 1993) that is perceived as potential harm/loss, threat or challenge (Lazarus, 1999).

These are the antecedents of emotions experienced by the individual as a reaction to changes in the working environment and relate to how that individual evaluates the triggering event caused by the change event (Kiefer, 2005). For example, due to a perceived harmful or threatening outcome a manager who is experiencing the effect of restructuring in their organization is likely to display withdrawal behaviours as an outcome of that change, or triggering event, by searching for another job or portraying other acts of disloyalty (Turnley and Feldman, 1998). The outcome, or behaviour, is guided by the central mechanism of emotion experienced from the antecedent (Weiss, Suckow and Cropanzano, 1999); in other words emotion is the conduit.

2.5.4 Resistance to Change

The effects upon an individual from a merger change programme are discussed by Cartwright and Cooper (1992) and in a more extreme form they relate this to the Kubler-Ross (1969) change, or personal bereavement, model. The model recognises five stages of loss that people go through when faced with terminal illness and this can be likened to the effects of the change process on the individual. The five stages are as follows: a) shock and denial, b) anger, c) bargaining, or attempts to postpone the inevitable, d) depression e) acceptance. According to the model some people do not move through all the stages with some not getting beyond denial. Adopting this framework, often in a merger situation it is characteristic of individuals to develop a fixation within the earlier stages of the process, which inevitably leads to an attempt on their part to deny or resist the situation (Cartwright and Cooper, 1992). Preoccupation with the early orders of the model may lead to unproductive behaviour or, in extreme cases, for the employee to leave the organization. Kavanagh and Ashkanasy (2006) add, "Unless these different stages are recognized [by the change agent(s)] and dealt with astutely, employees will resent change, will have difficulty reaching the acceptance stage, and the risk of merger failure is increased significantly" (S86). Following on this theme, Burke (2002) discusses the effect of loss from change and associates this with the subject of resistance. He states,

> The phenomenon of resistance to change is not necessarily that of resisting the change per se but is more accurately a resistance to losing something of value to the person ….. loss of the known and tried in the face of being asked, if not forced, to move into the unknown and untried (p.92).

In conformity with this approach Levinson (1976) alludes to the fact that all change is portrayed as a loss experience whether resisted or embraced, especially when the loss involves familiar routines.

Cartwright and Cooper (1992) discuss Freud's considerations that 'collective grief' powerfully maintains a sense of community and increases cohesiveness. They state that there are implications within an organizational setting, "which arguably makes new culture and managerial practices even more difficult to introduce … The challenge for acquiring management is to attach that cohesion to a new organizational leader or goal" (pp 38-39). This perhaps implies that those who do resist the movement phase of Lewin's model, or the rebalance phase proposed by Weick, will create a two-tier (or two-speed) readiness for change amongst the workforce that may be compounded by a cohesive state amongst those who are not ready to move on.

This potential for collective resistance is highlighted by a number of mechanisms within the workplace. Schein (1992) discusses situational appraisals and subsequent emotions often shared by groups of individuals who identify with a common culture. Group influence can provide an individual with a sense of increased power while, at the same time, they are also emboldened by the perception of anonymity due to their place in the group (Huy, 2002). Furthermore, when employees are faced by similar outcomes their cohesion and affiliative needs are increased by the perceived threats from radical change (Gump and Kulick, 1997) and displays of empathy can then become commonplace (Huy).

Hambrick and Canella (1989) propose three distinctions of the kind of resistance individuals enter into. They talk about: blind resistance, where people are afraid and intolerant of any change; political resistance, a belief that they stand to lose something of value; and ideological resistance, a belief that the planned change is ill-fated or in violation of deeply-held values. It is therefore important for integrating organizations to understand the type of change they are entering into, and also how this change may affect their employees' behaviour.

The procedures used in the merger implementation will also have a direct consequence upon how the employee makes judgement on those changes and their importance is now considered.

2.6 Integration Procedures

2.6.1 The Process

Hubbard (2001) refers to the need for a presence of justice in the integration process, particularly as it is perceived from the perspective of the employee. She asserts "If the acquirer treats employees fairly and honestly, this sends a very different cultural signal to employees than acquirers who are seen to be ruthless or unjust" (p.26). Procedures used to decide allocations or distributions, such as redundancies or relocations, are of prime importance in the eyes of the employee. What occurs during the integration process, and how this is carried out, may be more important than the actual outcome (Larsson and Lubatkin, 2001). Evidence is provided that culture clashes between joining firms are primarily determined by what happened during the ensuing integration process, not by initial similarities at the point of combination selection (Larsson et al., 2004). In support of this Dackert, Jackson, Brenner and Johansson (2003) add, "Post-merger integration is critically dependent on the ways in which the integration process is managed" (p.720).

It would therefore appear that the process of integration is a vital element in the determination of its success or failure, and the methods of management employed to control and influence individual reactions and outcomes will have a bearing on the organization's ability to meet the strategic objectives of the acquisition. It is argued that a fair process in planning and implementing procedures may be more important to the individual than the outcome itself, and it is this perception of decision-making that is considered as a broader concept.

2.6.2 Perceptions of the Decision-Making Process

It has been proposed that perceived fairness of the decision-making process will influence the level of employee resistance before, during and after the implementation

of change. It is not only the outcomes or allocations determined from the decision-making process that shape subsequent attitudes and behaviours of the workforce, but the process used to arrive at those decisions (Sweeney and McFarlin, 1993). For example, if there are to be redundancies as a consequence of the change how are these determined? Also, as discussed earlier, what are the criteria that influence the procedures to be implemented and are these more or less likely to provoke resistance from the workforce?

Relative size and status of the integrating organizations may be significant factors because they are perceived as an apparent disparity of power and influence of one partner in the relationship. A presence of these two factors may raise complications as a situation of conflict where relative size and status become opposing factions in integration. For instance, an example to illuminate this case might be a chain of budget stores taking over a smaller, prestigious designer store, in which case the dominated partner is the higher-status entity in the relationship (van Knippenberg et al., 2002). Studies have found that inter-group bias (i.e. the tendency to evaluate one's own group more positively than out-groups) is strongest among members of high-status groups when forced to integrate with low-status groups (Haunschild, Moreland and Murrell, 1994; Terry and Callan, 1998). Therefore if dominance and status are independent factors then status may also be a cause of inter-group bias during a merger or acquisition.

2.6.2.1 Role of actors in the process

Pre-acquisition planning involves only a relatively small group of people and these tend to be members of corporate management from the acquiring organization, but considerably more (including both change agents and change subjects) become involved in the post-acquisition change process (Vaara, 2003). At this point the ambiguity of the decision-making process becomes dependent on a number of factors. These include organizational identity, (Cartwright and Cooper, 1993; Fried, Tiegs, Naughton and Ashford, 1996; Greenwood, Hinings and Brown, 1994), national identities in cross-border mergers and acquisitions (Calori, Lubatkin and Very, 1994; Olie, 1994; Very, Lubatkin, Calori and Veiga, 1997) and communication barriers (Gertsen and Soderberg, 1998). In addition, role identities can lead to ambiguity in the

decision making relationship, particularly in the case where the size of integrating organizations is disparate and distinctions need to be drawn between owners and corporate managers (Chandler, 1977; Williamson, 1996), and corporate managers and business unit managers (Floyd and Woolridge, 1994; Mintzberg, 1985; Westley, 1990). As Vaara (2003) points out "These dramatic events bring together people of various backgrounds and social identities who are likely to interpret specific issues in different ways" (p.873).

Based on their closeness to decision-making, and opportunity to influence the outcomes of those decisions, three levels of employee have been identified as *negotiators*, *enactors* and *recipients* (Hubbard and Purcell, 2001). The three subject categories and their roles in the decision-making process can be described as follows:

- Negotiators: - senior managers that are most likely to be involved in the pre-implementation planning stage. Will normally possess a high degree of discretion in managing the acquisition process and will have the most accurate expectations of future events. Near the top of their career paths so primary concern will be job title or board membership rather than future role development.

- Enactors: - form management tiers below the negotiators and will have responsibility for implementation, although little input into its design. Also, will be the chief communicators as lower-level employees will look to them for information and guidance. Potentially a difficult role because information flows from negotiators may be restricted due to secrecy or commercial confidentiality. Future role development will be of importance.

- Recipients:- usually non-managerial and typically will have little or no input in decision making during integration, being reliant upon enactors for news and information when it is available.

Partly due to their low involvement in the process, for recipients there is an expectation of an emphasis on transitional fears such as 'will I have a job?' These will typically extend to group worries about what will happen to them and how will they fit in to the new firm. These concerns and anxieties are examples of the antecedents of resistance and reinforce the benefits of process involvement for employees throughout the structure.

A four factor typology of impediments to post-acquisition integration based around irrational decision-making characteristics is presented in Figure 2.5.

Figure 2.5 Inherent ambiguity, cultural confusion, organizational hypocrisy and issue politicization as impediments to post-acquisition integration.
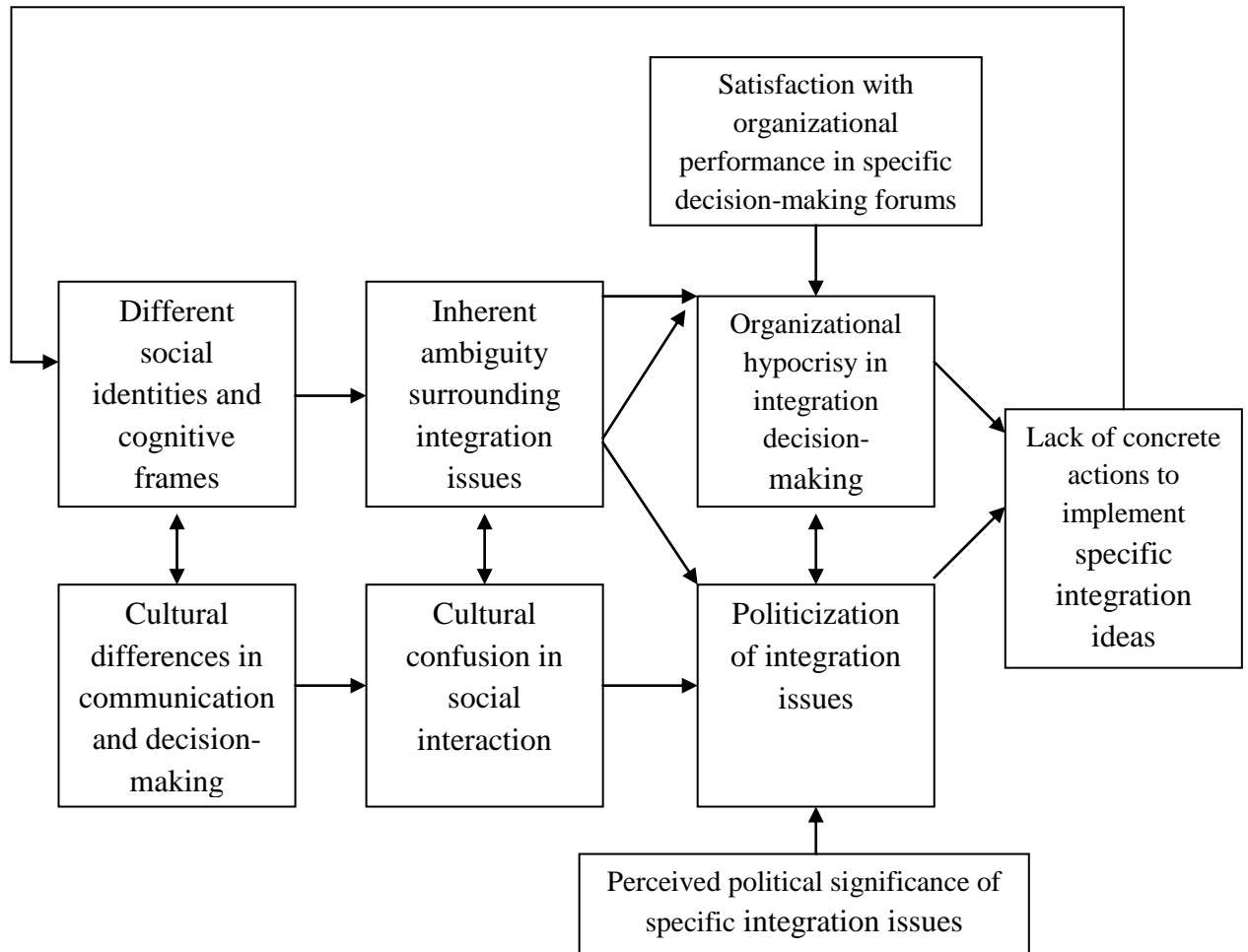
Note. From "Post-acquisition integration as sensemaking: Glimpses of ambiguity, confusion, hypocrisy, and politicization." by E. Vaara, 2003. *Journal of Management Studies*, *40*, 859-894.

As depicted in Figure 2.5, the promotion of an authority's self-interest during integration decision-making gives rise to a further potential ambiguity in the conflict of interests that may follow (Hambrick and Cannella, 1993). Also, as confrontation increases between actors issues become politicised as they grow to be "increasingly aware of the political actions of the other actors and feel a need to act accordingly" (Vaara, 2003, p. 866). As a result of ambiguities and politicking in the decision-making process hypocrisy may also become an issue when integration ideas are not met with

subsequent action during change implementation and become empty rhetoric. Perceptions of decision-making irrationality creep into the workforce which may impinge on future perceptions regarding the fairness surrounding these particular aspects of the process. Lipponen et al. (2004) refer to mergers often raising "issues of fair decision-making procedures in reallocation of rewards, space, status, and resources between the merger partners" (p.392).

Internal communication and discussion forums will help individuals affected by the change process to better understand the differences in their views and will also make meaningful advances towards them committing to joint action in the post-integration process. In addition Lipponen et al. (2004) maintain, "It seems likely that if the merger is implemented in a fair manner using fair decision-making processes, many negative outcomes often associated with mergers could be mitigated" (p.410).

2.6.3 Employee Involvement

There is a need for effective communication between organization and employee through a more considered approach to information sharing with subjects from the integrating entities (Larsson et al., 2004). The process communication model, offered by Larsson et al., concentrates on three elements of the merger and acquisition process. This is a period when communication is considered to significantly enhance employee perceptions of feeling valued at a time of great uncertainty for them. They state, "One of the few easy things in M&A is to actualize positive surprise in acquired employees with two-way communication, career development, opportunities to influence, and organizational investments, given their prevalent negative expectations, fears, and rumours" (p.16). Indeed, the rumour mill undoubtedly provides an opportunity to escalate uncertainty among individuals and honest communication may be significant in helping to overcome this issue. Two-way communication develops a relationship that offers opportunity for the workforce to buy into the process as it develops; a buy-in process aimed at turning employee resistance into cooperation. Details of their proposed model are displayed in Table 2.5.

The VIP model projects the message that employees will feel more valued if engaged in two-way communication involving the process of change as it develops. A case that is

particularly pertinent for acquired employees because of their additional uncertainties. The framework characterises communication as two-way because there is an emphasis on both feedback and involvement from the employee within the decision-making process.

Table 2.5

The VIP model

Characteristic	Interpretation
Voice	Timely, honest communication that reduces employee uncertainty, active listening to their thoughts and feelings to learn how to best integrate the combining companies.
Involvement	Involvement in the integration process by retaining as much of the acquired corporate values as possible and by seeking ideas and suggestions from employees about their integration and improvement solutions.
Precision	Precision in two-way communication and integration because people process information in different ways, have different career motives, experience threats in different ways and therefore need different information and solutions.

Note. From "The secrets of merger and acquisition success: A co-competence and motivational approach to synergy realization," by R. Larsson, K.R. Brousseau, M.J. Driver and P.L. Sweet, 2004. In A.L. Pablo and M. Javidan (Eds). *Organization development: A process of learning and changing*, (2nd Edn.). Oxford, UK: Blackwell Publishing.

2.6.3.1 Process control

The relationship between perceived fairness and levels of control in the decision-making process (process control) was originally discussed by Thibaut and Walker (1975) in their seminal work, which, at the time, expanded on the notion of distributive

justice. Their argument is founded on procedures being perceived as fairer by affected individuals if they are allowed to become involved in the decision-making process via input or influence. In a decision making situation, individuals will seek a level of control over the process through such influence in an attempt to maximise their outcomes within the exchange relationship (Kickul, Lester and Finkl, 2002). Leventhal, Karuza and Fry (1980) carried this concept into an organizational setting and their work on procedural justice centred on perceptions of fairness.

Therefore, within the procedural justice framework there is the opportunity for the organization to alleviate negatively-held perceptions about outcomes through effectively communicating explanations for the decisions that underpin those outcomes (Saunders et al., 2002). In fact, effectively transmitted organizational communication can remove some of the experience of powerlessness associated with change and the ensuing feelings of threat that result (Brockner, DeWitt, Grover and Reed, 1990; Greenhalgh, 1983; Greenhalgh and Rosenblat, 1984; Shaw and Barrett-Power, 1997). An example is the positive relationship of procedural fairness and the employee's subsequent intentions to stay (Daly and Geyer, 1994).

Meyer, Becker and Vandenberghe (2004) discuss the proposal that employee participation in the decision-making, or goal-setting, process will increase their commitment to achieving the desired outcome. They also warn,

> Using a 'tell' strategy to assign a goal, combined with a public statement of acceptance, is likely to, at best, instil continuance commitment [commitment due only to the perceived cost of leaving the organization]. As a result, employees might do what is required to achieve the goal but nothing more. (p.1004)

The opportunity for the individual to exercise a level of control in the process has been linked to a number of behavioural and attitudinal outcomes. For example, as well as positively influencing perceptions of fairness in the decision-making process there is also evidence of an increase in job satisfaction and subsequent increase in levels of commitment from the employee (Davy et al., 1991). Increased trust in management has also been evidenced where process control has been exercised, along with some support for an increase in job performance (Cropanzano and Greenberg, 1997).

2.6.3.2 Reducing resistance through employee involvement

While resistance is a reaction from employees feeling threatened by the change, positive attitudes and behaviours associated with successful change have been reported for individuals who perceive they have experienced fair treatment during the integration programme (Cobb, Wooten and Folger, 1995). If an employee is engaged in the process of decision-making this often has the desired effect of raising an individual's commitment to change because of their participation with it. Individuals will particularly value participation which leads to increasing their control, partly because it ensures the reliability that effort will lead to a positive outcome (Bandura, 1986). Participation raises the possibility for an individual to gain authority over their behaviour and move towards a position of equality from subordinacy in a relationship (Pasmore and Fagans, 1992). Lines (2004) states, "It is assumed that involvement of those affected by a change strategy will reduce organizational resistance and create a higher level of psychological commitment among employees towards the proposed changes" (p.193). These are the employee attitudes agents of change need to inspire to encourage positive behaviours in the organization's mission to achieve their objectives of integration.

Considering the potential impact of perceived fairness in the merger and acquisition process it is perhaps not surprising that it is becoming an increasing topic of concern in the debate surrounding the sub-standard performance of organizations within this context.

2.7 Calls for Justice Research

Although it has been among the most frequently researched topics in industrial and organizational psychology during the 1990s (Cropanzano and Greenberg, 1997), Meyer (2001) identifies shortcomings in the justice literature in relation to the change process borne from mergers and acquisitions. She raises this point by stating, "There is a need to link the perceptions of fairness to behavioral outcomes specific to merger and acquisition processes" (p.64). Cropanzano and Randall (1993) also report there has been little evidence, if any, in the justice literature to link unfairness and behavioural outcomes. Continuing on this theme, Lipponen et al. (2004, p.394) purport "To date … very little research has been conducted on the effects of procedural justice perceptions

specifically in an organizational merger context (but see Meyer, 2001, as an exception)." The meta-analytic study performed by Cohen-Charash and Spector (2001) on the antecedents and outcomes of organizational justice perceptions provides recommendations that more work needs to be carried out in certain aspects of this subject if a clearer understanding is to be obtained. Gleibs et al. (2008) add, "Little research has been conducted on the effect of justice or perceived fairness in a merger context" (pp.1098-1099), although its importance has been stressed within the merger and acquisition implementation process (Citera and Rentsch, 1993; Citera and Stuhlmacher, 2001). It is with these declarations that the focus will now turn to the subject of organizational justice.

2.8 Summary

It is evident from the growth in mergers and acquisitions that as a strategic choice this form of integration offers many opportunities for organizations to meet their developmental objectives. However, there has been a persistent failure over the past three decades for organizations who integrate through use of this method to realise their intended objectives, with around half failing to achieve this. One of the primary issues has been the resistance to change encountered from the employee, although this has not always been considered a major priority within the pre-implementation planning process. There is evidence that successful integration is based on a holistic approach and that task integration may not be achievable in advance of human integration. Within a merger or acquisition two particular areas of resistance to change have been identified as cultural integration and transfer of identity, forming barriers to integration. Another much debated topic is the psychological contract, and it is clear that during periods of organizational change such as, potentially, that of a merger or acquisition, scope for a breach in the contract raises an issue of concern for the employee, particularly associated with their trust in authorities. A fourth factor of significant importance, organizational justice, has been recognised as having a major influence on employee attitudes and behaviours in the management of change, although its effect on the employee in the specific context of a merger or acquisition is under-developed. There have been several calls for further research to explore and understand the effects of organizational justice within this context and therefore the focus now falls on this potentially important concept with an appraisal of the existing research. The review

starts with the broader remit of justice theories and then moves on to investigate an individual's perception of organizational justice, its main antecedents and how it influences their reaction to change.

CHAPTER 3

Organizational Justice

3.1 Introduction

There is a belief among leaders that within a reciprocal relationship, perceptions of fairness will be rewarded by the employee through demonstrations of loyalty, commitment and trust (Cobb, Vest, Hills, Frey, and Tamoff, 1991; Lind and Tyler, 1988). Although the extent of this behaviour may depend on many moderating variables these individuals are still more likely to display tendencies towards organizational citizenship behaviour within the workplace (Moorman, 1991) and, interestingly, will be better placed in adapting to change therein (Brookner, 1988; Konovsky and Folger, 1991; Martin and Bies, 1991). Other behaviours are also affected by perceptions of justice, such as group cohesion and cooperation, but there is also a greater aptitude for resolution of between- and inter-group disputes when justice is in evidence (Deutsch, 1985; Lind and Tyler, 1988; Thibaut and Walker, 1975). Folger and Cropanzano (1998) maintain, "Fair treatment … breeds commitment … and helpful citizenship behaviours that go beyond the call of formal job duties" (p.xii). Essentially, employees should be entitled to the same levels of justice they had come to expect before the implementation of change. Their perception of continuous justice through and beyond a change programme is vital as this will significantly influence resistance to change, organizational commitment and turnover intentions (Shapiro and Kirkman, 1999).

The chapter begins with a narrative of how organizational justice has developed as a concept through the latter stages of the 20th century, from its origins in relative deprivation and equity theory and its introduction to the workplace. This is followed with a brief depiction of its development from a single factor to a three factor model, considering the implications of each factor and its multiple dimensions. The analysis then moves on to investigate the dynamics of the relationship between perceived fairness and the three previously identified influential concepts of organizational culture, identity and the psychological contract. An account of the antecedents

recognised as having a major influence on an individual's perception of fairness precede a discussion about employee outcomes that will have an impact within the organization.

3.2 Origins of Organizational Justice

One of the earliest forms of organizational justice was the concept *Relative Deprivation* (RD) *Theory* (Stouffer, Suchman, DeVinney, Star and Williams, 1949). Briefly, RD theory is based on the following belief, a) The individual receives, or anticipates receiving, some outcome; b) the individual ascertains the worth of this outcome by comparing it to some standard, usually an outcome obtained by a similar other; c) if the obtained outcome is less than the standard, the individual feels a sense of moral outrage or dissatisfaction (Pettigrew, 1967). The perceived importance of the outcome will influence the level of moral outrage or dissatisfaction (i.e. high level of importance, high level of dissatisfaction). The concept of RD theory can be compared to *distributive justice* (fair allocation of outcomes), and *Equity Theory* (Adams, 1965), one of the earliest forms of justice to be applied with any significance to an organizational setting.

Prior to 1975 much of the investigative work carried out in relation to justice was within the realms of distributive justice, at which time Thibaut and Walker's (1975) addition to the justice literature of process was proposed. Justice theory was not studied with any significance in an organizational setting until the 1980s and has since been recognised as three distinct constructs, *distributive*, *procedural* and *interactional*.

3.2.1 The Development of Organizational Justice

During the same year as Thibaut and Walker's seminal work on procedural justice, an extended framework for distributive justice was developed by Deutsch (1975) and Leventhal's (1976) *justice judgment model*, as limitations of Adams' (1965) work were exposed. Equity theory had been proposed as a unitary dimension, but in developing distributive justice Leventhal also identified two further major allocation rules of *equality* and *need*. Allocations based on merit, and therefore distributed using the equity rule, are associated with a primary goal of economic productivity, whereas the common goal of enhancing social relations, including group cohesion, is served by the rule of equality in allocations. Need distributions represent allocations where welfare and/or

personal development is the common goal. Such a development in the justice framework, along with Thibaut and Walker's contribution towards the significance of procedures in the decision-making process, provided a major advance in understanding the key determinants of what is deemed fair from allocations made within the organizational context.

Procedural justice was expanded beyond the two-dimensional level of process and decision-control to consider from a more multi-dimensional perspective. In doing so, Leventhal (1980) applied the concept of procedural justice to an organizational setting and proposed a justice judgement framework consisting of six criteria a procedure should meet if it is deemed to be fair (an account is provided on page 61).

The communication of decision outcomes, an aspect of the allocation process largely undeveloped until the mid-1980s, was brought to prominence as a dimension of justice by Bies and Moag (1986) and became the third element of the organizational justice framework.

There developed a much contested argument whether fairness in communication (*interactional justice*) was a single independent factor of organizational justice or the non-instrumental second dimension of procedural justice. Interactional justice and procedural justice were perceived as the social and formal aspect of a single construct (Greenberg, 1990). But defining it as an independent concept, interactional justice was further refined as Bies and Moag discussed the two dimensions of *interpersonal justice*, representing dignity and propriety, and *informational justice*, representing truthfulness and justification. Following the logicality that if two variables predict different criteria then they should be viewed as separate constructs (Cronbach & Meehl, 1955) it would appear justifiable to identify interactional justice as an independent dimension of organizational justice. This conclusion is consistent with contemporary opinion in organizational justice research (Bies, 2001; Cropanzano, Prehar, and Chen, 2002) and is therefore more likely to be of merit to current debate in this subject.

A summary of organizational justice as a three-dimensional framework is presented in Table 3.1.

Table 3.1

The Constructs of Organizational Justice

Construct	Definition	Organizational Impact
Distributive Justice	Perceived fairness of the distribution or allocation of outcomes.	Response to policies of the organization as a whole, particularly those with a personal outcome – person-referenced (e.g. pay, job satisfaction).
Procedural Justice	Perceived fairness of formal procedures used in allocation decision making.	Response to policies of the organization as a whole – system-referenced (e.g. commitment, valuation of authorities).
Interactional Justice	Perceived fairness of the interpersonal treatment received from the decision makers.	Response to interpersonal treatment by authorities of the organization.

Source: Based on material presented in "Perceived procedural justice and employee responses to an organizational merger," by J. Lipponen, M.E. Olkkenen & M. Moilanen, 2004, *European Journal of Work and Organizational Psychology,* September, Vol. 13, Issue 3, pp. 391-413 and "Integrating justice and social exchange: the differing effects of fair procedures and treatment on work relationships", by S.S. Masterson, K. Lewis, B.M. Goldman & M.S. Taylor, 2000, *Academy of Management Journal*, Issue 43, pp. 738-748.

These three dimensions of organizational justice, their sub-dimensions and their implications in the workplace are considered in more detail.

3.3 The Dimensions of Organizational Justice

Distributive, procedural and interactional justice, are now discussed in more depth with particular emphasis on their dynamic relationships with organizational outcomes.

3.3.1 Distributive Justice

The concept of distributive justice relates to policies of the organization as a whole (Weiss, Suckow and Cropanzano, 1999), and because outcomes are determined by the organization's systems it has been classed as a structural component of justice (Ambrose, Seabright and Schminke, 2002). Most of the important work outcomes influenced by it can be categorised under the two broad headings of attitudes (e.g. commitment, satisfaction, trust) and behaviours (e.g. performance, OCB, withdrawal). It has been argued that distributive justice is more influential than the other two justice dimensions in determining overall fairness judgements and that distributive justice will dominate by explaining more variance over the other constructs (Conlon, 1993; Leventhal, 1980; Lind & Tyler, 1988). Sweeney and McFarlin (1993) applying their two-factor model, provided evidence that distributive justice was more suited to predicting person-referenced outcomes such as satisfaction with a pay rise or performance appraisal, rather than system-referenced.

3.3.1.1 Equity, equality and need

Of the three rules identified within distributive justice, equity, which relies on a system of selection by contribution rather than equal distribution, has been identified as the dominant rule that guides perceptions of distributive fairness (Meyer, 2001; Sampson, 1975). Equality governs a fair distribution regardless of contribution, and the third justice norm, need, refers to distribution by satisfying legitimate desires, and therefore preventing an individual suffering in the event of non-allocation. A greater emphasis on the needs rule should be applied in situations of high interdependence where there is a greater sense of responsibility for the welfare of the recipient, and the primary goal is the development of the individual (Kabanoff, 1991). Referred to as a norm of Marxian justice, because of its dynamic to reward recipients according to their needs, this particular dimension of distribution is influenced by the norm of social responsibility (Leventhal, 1976).

The equity rule sets out to achieve a number of outcomes. For instance, it will strongly reinforce those recipients whose behaviour is most useful and beneficial, and they will

have greatest access to essential resources. Conversely, the equity rule provides low reinforcement to those whose behaviour is least useful, and it encourages them to change their behaviour by offering an opportunity for them to increase their rewards by working harder and improving their performance.

Rawls (1971) takes the philosophical viewpoint of justice and delineates equity and equality by comparing to the two principles of *difference* and *liberty*. The liberty principle he proposes "requires that all citizens have an equal right to take part in, and to determine the outcome of, the constitutional process that establishes the laws with which they are to comply" (p.221). In this sense liberty has been associated with the rule of equality, but there is also an early association here with the principle of *voice*, which is discussed in more detail in section 3.3.2. Rawls' second principle is the difference principle, which takes the position that within social systems inequalities are acceptable so long as they benefit the whole of that society, and in particular the lowest members of that society. In this system there would not be a voice for all whereas the libertarian/equality principle provides voice for all.

Further discussion surrounding the dynamics of distribution by the principle of equality or equity has focused on the influence each has on the organizational relationship. Equality has been found to foster lasting social relationships, and the equity principle is applied in situations where economic productivity is the main priority (Kabanoff, 1991; Lind and Tyler, 1988; Mannix, Neale and Northcraft, 1995), a concept that can also be applied with similar effect to procedural justice (Lind and Tyler, 1988). Further support of this situational context is also reported by Meindl (1989) who found that a social cohesion policy was more responsive to the equality rule and when individual productivity was the priority a weighting towards the equity rule was more beneficial. A question of compromise is therefore raised between the need to be productive and efficient and a need to build harmonious relationships, fostering group loyalties and commitment. This is perhaps illuminated by Birkinshaw et al.'s (2000) framework of integration management, discussed in chapter 2, and the principles surrounding both the task integration process and the human integration process.

An argument proposed by Cobb, Wooten and Folger (1995) indicates that when the equity criterion is applied in its traditional format it lends itself more to the

transactional nature of stable organizations rather than the *transformational* needs of changing ones. They state,

> To be applied both effectively and fairly, the equity norm assumes knowledge of, and some general agreement about, which contributions are of more value to the enterprise. In the context of profound change however, there often exists ambiguity, confusion and disagreements about the priority of objectives to pursue and about the means to best achieve them. (p. 252)

This may suggest that equality rather than equity as a criterion is the more appropriate distributive rule to be applied during the specific change of a merger or acquisition. In addition the use of equity as an allocation principle also tends to refer to past contributions and achievements (Mannix, Neal and Northcraft, 1995). Meyer (2001) adds, "In mergers this principle relies upon detailed knowledge of both parties' employees. Furthermore, it presumes that yesterday's success criteria are the same as tomorrows. These presumptions are likely to be violated in times of profound change" (p.52). Further clarification of these issues within a merger setting would be of benefit to understanding the dynamics of each justice principle when applied to different organizational contexts.

It is, therefore, evident that there is a need for managers to consider the balance between merit and equality. In circumstances of a merger or acquisition, equal distribution demonstrates to employees that they will be treated fairly and with respect regardless of whether they belong to the acquiring or target organization. Furthermore, the perceived state of equality indicates different members of a relationship have equal value as individuals, and consequently emphasises a common fate for these members, which promotes solidarity and social cohesiveness (Kabanoff, 1991). Due to their disadvantaged position, lower status partners in a merger are less likely to consider equity as fair, and are more likely to prefer equality as the mode of distribution (Meyer, 2001). But, as a consequence, equal distribution also discriminates against merit as well as prolonging the integration process (Schweiger, Ridley and Martini, 1992).

3.3.1.2 An exchange relationship

The equity distribution rule (Adams, 1965) depends on a social exchange theory framework to evaluate fairness (Colquitt, Conlon, Wesson, Porter and Ng, 2001). An individual will look to receive rewards consistent with inputs they have contributed to a

distribution situation in comparison to those made by a referent other. A referent comparison can be in relation to a number of criteria such as: a) another person b) a generalised other (e.g. an occupational group) c) comparison to own previous input/output ratios d) input/output ratio specified for the situation (Adams). It is proposed that an individual's relationship with the organization is based on the social exchange framework, which will continue until unfairness is evidenced, at which point the individual will reinterpret the relationship as fundamentally economic rather than social (Organ, 1990). Similarly, when allocators expect future interactions with recipients, then the equality rule is more likely to be given greater consideration than the equity rule (Shapiro, 1975), and are likely to be more generous when their success depended on them (Bryant and Hansen, 1979).

The review of justice moves on to take a closer look at how procedural justice has evolved within the organizational context, and its effect within the changing environment of a merger or acquisition.

3.3.2 The Role of Procedural Justice

The discussion so far has focused on distributive justice and its potential outcomes. Although, individuals are not just concerned about the outcome of decisions (i.e. distributive justice), they are also affected by the perceived fairness of procedures used in making those distribution decisions. This argument is presented by Greenberg (1990) who highlights that distributive justice does not consider or address the pursuit of fair procedure by an individual. Indeed, it has been proposed that an individual's perception of procedural justice may be independent of any observations they have for related distributive justice (McFarlin and Sweeney, 1992). Resultant behaviour emanating from perceived inequities of procedural justice reveal an individual's inclination to less commitment, lower performance, resignation, fewer organization citizenship behaviours, and, with reference to deviance, increased likelihood of theft (Folger and Cropanzano, 1998). Evidence suggests that leaders are perceived as more legitimate and competent when they make decisions based on fair procedures, leading to circumstances where employees will be more accepting of organizational change. This relationship will be more evident for those who are more highly identified with the organization (Tyler and De Cremer, 2005).

Much the same as distributive justice, the concept of procedural justice relates to policies of the organization as a whole. Whilst distributive justice is focused on allocation outcomes, for example pay satisfaction, procedural justice relates to attitudes toward the organization as a whole (Sweeney and McFarlin, 1993), such as organizational identification (Meyer, 2001). It is postulated that the long-term maintenance of positive social relationships within groups is fostered crucially by evidence of procedural justice (Lind and Tyler, 1988).

3.3.2.1 Three streams of procedural justice

There are three distinct streams of research that have been identified in the procedural justice literature. These are, Thibaut and Walker (1975), role of process control; Leventhal (1980), list of procedural rules; Bies and Moag (1986), the role of interactional justice.

In a situation of dynamic change, procedural aspects of the justice process may become more critical towards the outcome evaluation. Crucially, communication of procedural standards, including employee voice within the process, can affect the favourability of employee attitudes. It is argued that allowing affected individuals an input or influence in the decision-making process is one of the most successful techniques used to encourage fairness perceptions (Folger, 1977), in part because it provides opportunity to demonstrate the individual's knowledge, skills and abilities (Gilliland, 1993). However, these fairness perceptions will not be enabled unless the decision-maker acknowledges and shows consideration of the individual's input. A criticism of Thibaut and Walker's process control model is that it doesn't account for the interactional, non-instrumental effects of procedural justice (for example see Kickul et al., 2002). For instance, this *value-expressive* element of voice is offered where value was still evident in cases when the contributors were aware that their input had little or no influence on the decisions made (Tyler, Rasinski and Spodick, 1985). This was evident even if the opportunity for input came after the decision was made (Lind, Kanfer and Earley, 1990), which demonstrates an interpersonal value to process input. Considering the potentially complex process of change during the implementation of a merger or acquisition, interpersonal relationships between authorities and employees may have a substantive

influence on how fairness in this process is perceived. In particular, this suggests that mechanisms designed to manage the procedure of employee voice may have an important role within this experience and requires further examination.

Leventhal's (1980) expansion of Thibaut and Walker's limited framework contemplated the significance of fair procedures in decision making and the six rules that he proposed were representative within the context of an organizational setting. *Consistency* of allocative procedures over people and time is closely related to the notion of equality, at least over the short-term. Applying doctrinaire views or personal self-interest (e.g. serving as a judge in one's own case) during decision making is considered as *bias* and should be suppressed from the process. *Accuracy* includes accountability and relates to the appropriateness of the actual information collected, and from whom the information is collected. Review and modification of procedures built into the process at various stages allowing formal and informal appeals as a *correctability* rule. If allocative procedures violate personal standards of ethics and morality then perceived fairness will be reduced, and this is expressed in the *ethicality* rule. *Representativeness* of the individual's basic concerns and values through participatory decision making and consultation with management may also affect their judgements of procedural fairness. This final point mirrors the process control or 'voice' proposed by Thibaut and Walker within the decision-making process.

3.3.2.2 Influential Factors

It has been acknowledged that procedural justice will become more important when a decision does not meet with the recipient's approval, in which case the procedures are more likely to be carefully scrutinised. Conversely, when outcome favourability is high then procedures are less likely to be of significance (Brockner and Wiesenfeld, 1996). There is also evidence that procedural justice is more important when there is a divergence from the equality norm towards the equity norm particularly when there is an aim to foster long-term relationships, which may well be challenged by the use of the equity rule being more conducive towards promoting productivity (Meyer, 2001). Similarly, procedures become more significant to the recipient of a decision outcome when they experience uncertainty. Such procedures matter more to those experiencing the uncertainty of radical change as opposed to only minor change (van den Bos, 2001),

and their importance during the potentially transformational change of a merger or acquisition warrants further investigation.

3.3.3 Interactional Justice

The construct of organizational justice concerned with the social exchange of the superior-subordinate relationship is known as interactional justice, and relates specifically with the treatment of employees during the enactment of procedural justice (Bies and Moag, 1986). Therefore, in difference to distributive justice and procedural justice, which form an exchange relationship between the employee and the organization, perceptions of interactional injustice lead to resentment towards the offender rather than the organization (Schweiger et al., 1987). If perceived unfairness is related specifically to an individual's supervisor or manager rather than at the global organization level, then the justice record of that particular individual will be taken into consideration rather than the organization's (Choi, 2008). Although, there is also evidence to support the proposition that interactional justice will influence relationships held between the employee and the organization. For instance, it is argued that the interpretation of psychological contract breach will be influenced by perceived interactional fairness (Morrison and Robinson, 1997).

Empirical research supports the proposition that procedural justice is related to trust in upper management and interactional justice is related to the manager with whom the individual has been directly involved (for example see Cropanzano et. al., 2002). In most circumstances it is fair to assume that this relationship will be represented by the employee's supervisor or line manager, and interpreted as a leader-member exchange. It has been described as a predictor of reactions to supervisors and an employee's immediate work environment (Masterson et al., 2000). Although, there is no evidence that the dynamics of interactional justice have been identified and considered within the environment of a merger or acquisition, which raises a requirement to test these principles within this context.

Greenberg (1993) defines and categorises interactional justice as consisting of two important dimensions. *Informational justice* (recognised as the social determinant of procedural justice), and *interpersonal justice* (recognised as the social aspect of

distributive justice, i.e. showing concern for individuals following distributive outcomes they have received), which have been further developed into four rules. Informational justice has been defined as *justification* of the decisions made, and *truthfulness* (honesty and deception avoidance) in communication of those decisions which is recognised as not only genuine in intent but also based on sound reasoning (Bies and Moag, 1986). Interpersonal justice has been defined as displaying a *respect* for individual rights, and also *propriety* of behaviour (e.g. an authority demonstrating genuine concern when an individual receives an unfavourable outcome). Each of these factors is an important consideration for authorities because they have been found to influence perceptions of fairness, acceptance of decisions and organizational attitudes (Konovsky and Cropanzano, 1991; Korsgaard, Schweiger and Sapienza, 1995).

But discussion has also been indecisive with respect to whether interactional justice is an independent dimension of organizational justice (Bies and Moag, 1986) or if it simply represents an interpersonal construct of procedural justice (Greenberg, 1993). Early research took the view that it was merely a social form of procedural justice (Cropanzano and Greenberg, 1997). As a further consideration, not all studies have recognised an independent definition of either procedural or distributive justice. There are a number of studies that have revealed a high correlation between the two. For example correlations of .72 (Sweeney and McFarlin, 1993) and .74 (Welbourne, Balkin and Gomez-Mejia, 1995) were calculated leading to Ambrose and Cropanzano (2003) proposing that the distinction between procedural and distributive justice can be over-emphasised and others (e.g. Martocchio and Judge, 1995) making no attempt to separate the two, carrying out their study from a purely one-dimensional organizational justice perspective.

An important contribution to the debate was made by Colquitt et al. (2001) who found during their 120 separate meta-analyses of 183 empirical studies that procedural, interpersonal and informational justice are distinct constructs and distinguishable empirically. This adds considerable weight to the argument in favour of a structure of independence for each of the three constructs, distributive, procedural and interactional justice.

3.4 Relationships with Culture, Identity and the Psychological Contract

A change of culture following a merger or acquisition may be a desired outcome for the organization, particularly in a situation of high-level integration. Artifacts and symbols such as the company name and logo may have a significant impact on how individuals in the acquired organization perceive fairness (Citera and Rentsch, 1993), and on their expectations of future decision outcomes. Similarly, in hostile takeovers acquired employees are more likely to form a defense of their organization, and become invested in its preservation. As this occurs, their identification with the cultural symbols of the old organization will remain strong at a time when management will be attempting to transfer their identity to the newly integrated organization, leading to a circumstance where they may feel a sense of lost identity (Citera and Rentsch).

Mayer, Greenbaum, Kuenz and Shteynberg (2009) discuss the relationship between personal and social identity and an individual's perception of fairness. Their research investigated the thesis that when objectively fair procedures are used in determining a decision they will have a weaker influence on an individual's justice perceptions if their personal or social identity is violated by the outcome of that decision. Even when that individual was allowed a level of control in the process, when the outcome violated their identity they tended to doubt their opinions had been considered. Similarly, the *value protection model* (VPM) proposed by Skitka (2002) defines individuals with moral convictions of ethical behaviour, which she termed *moral mandates*. A moral mandate is described as "a selective self-expressive stand, on a specific issue, not a generalized orientation toward the world" (p.589), referring to it as a property of the person, and a facet of personal identity. Such convictions, if challenged by perceived unethical behaviour, cannot be overcome by fair procedures or allocations, and such a belief plays a critical role in how individuals reason about fairness. Through the framework of the VPM it becomes evident how personal identity, in the guise of the moral mandate effect, appears to have a bound relationship with an individual's perception of fairness.

Further evidence of the relationship between identity and justice is provided by the proposed link with social identity, defined as an individual's will to gain status, desire

to feel accepted, and fundamental need to belong (Baumeister and Leary, 1995). As part of their *group value model*, Lind and Tyler (1988) proposed fair procedures are important because they help an individual feel like a valued group member, and, reciprocally, as part of the socialisation process they instill group procedural justice values and beliefs within them. If an individual who is insecure about their status within the group suffers perceived procedural injustice then their negative reaction will be particularly strong. Similarly, if the individual perceives the procedure affirming their status in the group, they will display a strong positive reaction. Employee resentment to the change, if managed incorrectly, may lead to a significant increase in the risk of failure to achieve strategic objectives (Kavanagh and Ashkanasy, 2006), and any resentment from a perceived injustice may result in negative behaviours such as lower cooperation, lower productivity, lower work quality and the withdrawal behaviour of stealing (Shapiro and Kirkman, 1999).

Part of an individual's depersonalisation process in the transfer from personal to social identity is assisted in a realisation and acceptance of group norms (Terry and Hogg, 1996). This socialisation process is discussed by Salancik and Pfeffer (1978) in a framework evolved from their *social information processing theory*, which supports the argument that individuals form judgments about organizational practices, values, and norms based on information gathered from others in their direct social contexts. From such a process, socially constructed common perceptions are formed from shared information with this information exchange leading to relatively homogenous justice perceptions in the work group, termed *contagious justice* (Liao and Rupp, 2005). Evidence suggests judgements about the meaning of procedural justice are consistent across members of the same culture and that this will influence the individual during their period of socialisation with the group. It is important to understand that individuals also form attitudes towards injustice imposed on groups and organizations that they identify with (Mayer et al., 2009).

The relationship between identity and justice is also reflected in the *group engagement model* proposed by Tyler and Blader (2003). The level of procedural fairness experienced by an individual expresses the quality of their relationship with a group by transmitting identity-relevant information. In line with the dynamics of interactional justice, this indicates the level of respect they command within the group and promotes

pride in group membership, further developing the relationship between identity and perceived fairness and influencing organizational identification with the newly merged group (Amiot, Terry, Jimmieson and Callan, 2006; Lipponen et al., 2004; Meyer, 2001). It is proposed within this framework that procedural justice judgements are used by individuals during times of uncertainty and change, such as mergers and similar reorganisations, in an attempt to understand their identity-relevant implications (Tyler and De Cremer, 2005). It is also clear that the significance of this reciprocal relationship between identity and fairness is rooted within the fundamental premises of the psychological contract which is characterised by organization loyalty and support (Bligh and Carsten, 2005). There is further support that the perceived justice of the merger implementation is positively related to the post-merger organizational identification and perceptions of common in-group identity (Lipponen et al., 2004). This proposition of shared identity with the group is offered by Thompson and Bunderson (2003) as an additional third dimension to the traditional perspective of psychological contracts being either relational or transactional. Their collectivistic notion of an ideological psychological contract is based on the employee sharing a common overarching purpose with their organization (Brickson, 2005).

This study now moves on to take a more analytical view of why individuals form particular perceptions of justice from the organizational decision making process.

3.5 Antecedents of Justice

In the world of social science justice is a subjective phenomenological activity that is dependent upon individual perception (Folger and Cropanzano, 1998). Judgements made from an individual's perceptions of justice are then memorised and applied when forming attitudes. Greenberg and Wiethoff (2001) refer to a person's perception of a situation as a *frame,* uniquely shaped by the cognitive vantage point through which they view it. An individual's frame is described by Tannen (1979) as the way a person "organizes knowledge about the world and uses this knowledge to predict interpretations and relationships regarding new information, events and experiences" (pp. 138-139). Such perceptions are considered to be influenced by: a) outcome distributions, b) organizational practices (procedures and quality of interactions), c) characteristics of the perceiver (Cohen-Charash and Spector, 2001). In addition, if *a*

priori expectations are violated then it is considered that this will influence an individual's perceptions (Adams, 1965) and how that individual reacts to situations of perceived injustice.

In this context, frames are a method of developing an overall concept from which an individual can evaluate and base judgements on the fairness of an outcome; a process to form the antecedents of perceived organizational justice. Greenberg and Wiethoff (2001) propose a formal process that individuals will engage in to form a justice frame. This process consists of three general categories:

- Context cues

The influence of human interaction and setting of social context, which includes social comparison and the use of referent others to form justice perceptions. Any violation of established rules and norms can trigger perceptions of injustice (i.e established expectations of how interactions in the particular environment will occur). Failure to receive expected or promised outcomes can trigger perceptions of injustice.

- Information cues

Type and timing of information can influence the initiation of justice-based framing, in particular, initial information, which has implications for individual assessments of justice.

- Individual differences

Differences between individuals such as reactions, perceptions of inequity, gender, personality, individual predisposition, self-efficacy, personal ethical frameworks, can play a key role in determining how individuals assess fairness in a situation. These are acknowledged as perceiver characteristics and can be categorised as demographic characteristics, or personality traits.

The frameworks of Cohen-Charash and Spector and Greenberg and Wiethoff provide an informative context from which to comprehend the cognitive process of evaluation and judgement. In relation to these frameworks, the main antecedents of perceived organizational justice can be developed and discussed.

3.5.1 Social Accounts

Social accounts are part of the communication process recommended to motivate employees towards acceptance of the change. *Information cues* have been identified as an integral part of the process for developing a justice frame, and the use of social accounts to justify an action and manage impressions of fairness is an important factor in this process (Folger and Cropanzano, 1998). When an individual is presented with a different point of comparison this may alter their own frame of reference used to evaluate their perception of justice. Similarly, when the details of a change programme are communicated effectively this can also influence an individual's level of uncertainty towards the event and any affect this may have upon them. A study by Schweiger and DeNisi (1991) supports the notion that when an individual is provided with a sincere and adequate explanation of the reasons for the change then this will have a positive impact on their ability to cope with the changes. Their findings provided further support that an individual will be less dissatisfied with an outcome they are unhappy with if they experience perceptions of interactional justice in their relationship with the agents of that change. At such times when an employee experiences unfavourable treatment the effect of social accounts has been recognised as a method of mitigating a potential reduction in perceived organizational support.

Organizations can either attempt to legitimise their actions through the use of *exonerating accounts* or try to alter employees' perceptions of their unfavourable action through the use of *reframing accounts*. Using *reframing accounts* involves persuading employees to accept a new standard of comparison with an aim of altering perception of the favourableness of their treatment. Sitkin and Bies (1993) confirm,

> A social account is an explanation attempting to influence a person's perception of: (a) responsibility for an incident or action, (b) motives for an action, or (c) the unfavorability of an incident or action. Whether conflict occurs, and, if so, its dynamic, depends on the use and effectiveness of social accounts by the parties involved (p.351).

Exonerating accounts may take the form of persuading individuals to accept unintended consequences of well-meant actions through sincere regret and by use of an apology. Exonerating accounts should provide a weakening of the reduction effect on POS due to its very nature of providing an explanation of unintended consequences and therefore

eliminating the intent of unfavourable action (Eisenberger, Jones, Aselage and Sucharski, 2004).

Cobb et al. (1995) recommend that communication during change is imperative and maintain four types of social account should be engaged by management. New frames of reference and standards for defining success (*referential accounts*), sufficient explanation of the reasons for the change (*casual accounts*), protracting the vision for the changed organization (*ideological accounts*), and, with due consideration of potential retaliation by employees, an express of regret for any adverse effects experienced from the change (*penitentiary accounts*).

However, it is emphasised that the effect of using social accounts may be impacted by several moderating factors (Folger and Cropanzano, 1998). Examples of these are:

- the *medium* by which the account is communicated (oral communication is favoured)
- the *honesty* and *sincerity* of the account
- *adequacy* of the account (sufficient and credible)
- *thoroughness* of the account (level of detail provided)
- the *sensitivity* with which the account is communicated
- the *outcome severity* of the event (impact of the event necessitating the account).

3.5.2 Voice

Personal control has been defined as "a psychological construct reflecting an individual's beliefs, at a given point in time, in his or her ability to effect a change, in a desired direction, on the environment" (Greenberger and Strasser, 1986, p.165). The significance of voice (or process control) in the realm of procedural justice is exemplified by van den Bos and van Prooijen (2001), who state, "Research convincingly has shown that voice is one of the key determinants that lead people to judge a particular procedure as fair or unfair" (p.617). Houlden, LaTour, Walker and Thibaut (1978) affirm that individuals will prefer scenarios where authorities retain a level of control over making the final decision (*decision control)*, but prefer to retain process control for themselves (i.e. control over the process of providing evidence

towards the final decision). This would suggest a level of exchange from outcome to meaningful interaction in the process is acceptable for the individual. The level of expected meaningful interaction will be dependent upon various factors, of which one will be the environment and its extremities (e.g. dictatorship vs. democracy). Examples of such institutions are autocratic regimes, or hierarchically structured organizations, and evidence has been provided that an individual's reaction to voice procedures will be moderated by the strength of outcome dependence (van Prooijen, van den Bos and Wilke, 2007). Even if the individual does not ultimately influence the final decision being allowed voice has value in itself because it demonstrates a willingness of authorities to consider the recipient's views and show politeness and respect (Tyler and Blader, 2003; Tyler and Lind, 1992). An authority's willingness to demonstrate respect and consideration relates to interpersonal fairness within interactional justice. This presents the non-instrumental value of voice and is highlighted in Tyler and Lind's *relational model* of authority, which relates the effect upon an individual's self-worth to the value they place on an authority's willingness to allow them to engage in voice procedures.

In addition, power-distance values (an individual's tolerance of large differences in status, or concentration of power) will affect the emphasis placed on an individual's perception of their treatment by authorities (Tyler, Lind and Huo, 2000), and those from high power-distance cultures will place less emphasis on their level of procedural voice (Brockner et al., 2001). Consequently those from low power-distance cultures (i.e. individuals who fear concentrations of power and have low tolerance to differences in status) will be influenced more by their access to voice in procedure setting because they expect authorities to share their power (van Prooijen et al., 2007). As proposed by Brockner et al. (2001) "It is not the lack of voice per se to which people object … It is when the lack of voice violates cultural norms that people respond unfavourably" (p.301). In laboratory experiments they tested commitment levels against low and high voice conditions within both high power-distance and low power-distance cultures. Low voice had the effect on individuals from low power-distance cultures of lowering their organizational commitment levels.

3.5.3 Group Influence

It is acknowledged that culture affects an individual's desire to engage with process control by being allowed a voice in the decision-making process. There is also evidence that an individual's perceptions of procedural justice and the expectancy of being allowed voice is affected by their group membership characteristics (van Prooijen, van den Bos and Wilke, 2004). The relational model of authority (Lind and Tyler 1988; Tyler and Lind, 1992) attempts to highlight the importance of group membership for the individual and influence a sense of belonging, security, self-esteem, social identity and confirmation of world-views. The way an individual is treated by group authorities (Tyler, Degoey and Smith, 1996) will have an impact on their group membership (i.e. if treated with dignity and respect), but this may well also be affected by social inclusion or exclusion by peers within the group (Gardner, Pickett and Brewer, 2000; Williams, Cheung and Choi, 2000). There is evidence that an individual's level of inclusion within a group (social inclusion) moderates their perceived levels of procedural fairness and effects of voice procedures become stronger at higher levels of inclusion (van Prooijen et al., 2004).

An individual's justice perceptions are also influenced by group members when co-workers are denied voice in the procedure setting process (Lind, Kray and Thompson, 1998). It has been reported that fairness perceptions of the supervisor were negatively impacted when team members learned that other individuals in the group had been denied voice, although the impact wasn't as great as when they themselves were denied (Lind, Kray and Thompson). Further support for fairness judgements relating to an individual's team has been provided and also related to outcomes such as job satisfaction, organizational citizenship behaviours, commitment and turnover (Liao and Rupp, 2005; Mossholder, Bennet and Martin, 1998; Naumann and Bennett, 2000; Simons and Robertson, 2003). In addition, Lind et al. (1998) found group polarisation affected fairness ratings of an event detrimentally when individuals were placed in a group and shared their injustices.

Social influence and its effect on an individual's perceptions is discussed by Salancik and Pfeffer (1978) in their proposed framework, social information processing. They contend that individuals will form evaluations and perceptions of organizational

characteristics by using information from other people in the same environment. The cornerstone of their theory is that individuals will rely more on 'relevant others' for information upon which to base their evaluations and perceptions when there is ambiguity in the task or event, where ambiguity means employees are unclear which information to use, and there is also difficulty obtaining and using that information in assessing an event. Social influence in both evaluation and perception formation will increase along with the ambiguity.

3.5.4 Trust and Uncertainty

Uncertainty, in this context, has been defined as "an individual's perceived inability to predict something accurately" (Bordia et al., 2004, p.348).

A framework of uncertainty management is offered by van den Bos and Lind (2002) who remonstrate that a loss of trust leading towards uncertainty of authorities leads to a negative impact of perceived procedural fairness. Because change has the potential to significantly erode trust in both management and organization, an individual's trust in authorities is a significant factor in the determination of whether a change programme is deemed to be successful (Dirks and Ferrin, 2002; Kirkman, Jones and Shapiro, 2000). One of the consequences of eroded trust is that individuals are more likely to withdraw from participating in the organization's efforts to implement the change programme (Mishra and Spreitzer, 1998). If an individual is uncertain, due to lack of information, whether to trust an authority, it is proposed that they will base their decision of fairness on the procedures used in determining an outcome, and therefore this increases their need for procedural fairness information (van den Bos, 2001). The proposition is therefore supported that procedural fairness matters less when an individual is certain whether they can or cannot trust the authority making the decision, but is of particular importance when this information is not available. If the individual is faced with a situation guided by an authority they are not familiar with then there will be a subsequent increase in their need to experience just and fair procedures forming any outcome allocations. Determining that "uncertainty salience is a key antecedent of why fairness matters to people" (van den Bos, p.939) within the realms of social justice.

Schweiger and DeNisi (1991) maintain that the uncertainties of change are more stressful for employees than the change itself and that there are three main causes of perceived uncertainty. These three causes are, the inability to estimate the likelihood of an event, the lack of information about a cause-effect relationship, and the inability to predict what the outcomes of a decision will be. If at this point the underlying assumptions of process control are considered, it is noticeable that there is a distinct similarity between these and the causes of uncertainty discussed by Schweiger and De Nisi. Employee participation in the decision-making process may provide insights to the likelihood of events, cause-effect relationships and offer some control over the outcome of decisions, therefore reducing uncertainty.

Extending the concept of participation to the broader remit of employee-employer communication, it has been asserted that knowledge, the opposite of uncertainty, is essential if control is to be achieved and subsequent aims fulfilled from interpersonal interactions (Bordia et al., 2004). There is evidence that uncertainty in a change scenario has the potential to be reduced through communication with authorities (interactional justice) and as the level of control increases for the individual in that relationship (process control).

3.5.5 Affective State of the Individual

In a study of the psychology of justice judgements, van den Bos (2003) maintains situations of information-uncertainty raise the event that in absence of information they can trust, individuals will form justice perceptions influenced by their affective state prior to, and even unrelated to, the justice event itself. He discusses the phenomenon of affect in justice judgements to be a much neglected area of research, particularly under what conditions individuals are most likely to use affective feelings as input, and takes the argument to the debate between rationalist and intuitionalist models of moral judgement (Haidt, 2001). In situations where directly relevant information is available, and individuals are in a position of information-certainty then their affective state, either positive or negative, will have less bearing on their justice judgements. But in the event that this is not available, then there is evidence that individuals may, during the course of passing justice judgements, use affect as the criteria of assessment and fill the void left by a lack of information, or a situation of information-uncertainty. In such cases, the

level of logicality and objectivity used as a basis upon which an individual makes a justice judgement originating from information related directly to the case is replaced by a level of subjectivity, dictated by the particular incident, when affect becomes the controlling variable. The assumptions of this contrast between rational-cognitive (Kohlberg, 1969; Turiel, 1983) and subjective-affective processes (Haidt; Kagan, 1984; Wilson, 1993) in the formation of justice judgements are that affective processes are steeped in subjectivism, and therefore a more stable rational model of cognitive justice should be aimed for, but only this may only be achieved if management secure an environment of trust and information-certainty.

Support for the notion that an individual will use other information to base their judgements (a *heuristic substitute*) in an environment of insufficient or untrustworthy information is purported in a model proposed by van den Bos and Lind (2002). The *uncertainty management model* depicts a situation where the level of information-certainty becomes a moderator in the relationship between affect and perceived justice. Similarly, Barsky and Kaplan (2007) found that perceptions of justice are formed from influence of phenomenological states of feeling on fundamental cognitive and social-information processes, such as memory and schemata. It would appear that both levels of uncertainty and the affective state experienced by an individual will increase the likelihood of such subjective influence. These are important contributions to the debate because during situations of information-uncertainty, individuals with a positive mood rate allocation procedures as being fairer than those in a negative mood (van den Bos, 2003).

This point is highlighted by Wanberg, Bunce and Gavin (1999) who report individuals who experience high negative trait affectivity are more likely to perceive unfair treatment than those experiencing low negative trait affectivity, because they tend to focus on the negative aspects of the situation. Similarly, individuals who suffer from low self-esteem will form different perceptions towards justice outcomes than those who experience high self-esteem (Cohen-Charash and Spector, 2001). There are two perspectives on this. *Attribution theory* predicts in some instances negative outcomes determined by unjust procedures will either reduce low self-esteem, or increase it because such outcomes will not be attributed to low personal ability (Schroth and Pradhan Shah, 2000; van den Bos, Bruins, Wilke and Dronkert, 1999). Conversely, the

Group Value Model, whose core statement is that individuals place special emphasis on the effects of values associated with group membership (Lind and Tyler, 1988; Tyler, 1994), considers procedural justice, especially respectful treatment of the individual, enhances self-esteem and, therefore, shows a positive correlation between the two. It predicts that individuals who feel more uncertain about their status in a group will place more emphasis on procedural fairness in decisions made within the group (Roberts and Markel, 2001).

3.6 Outcomes of Perceived Justice

3.6.1 The Relationship between Power and Resistance

Because the power in a superior-subordinate relationship usually resides with the superior, where there has been an injustice enacted upon the subordinate, the opportunity for them to respond directly and restore justice may be excluded (Homans, 1961). Because it may be their only approach the individual may try to exercise their power and restore justice by resisting the change being imposed (Jermier, Knights and Nord, 1994). In fact the actual change itself may warrant resistance because apart from being unjust it may also be incorrect. Folger and Skarlicki (1999, p.37) argue that the organization may be "doing the wrong thing or doing it wrong" and, with this in mind, Fiorelli and Margolis (1993) purport that an organization can benefit from some level of resistance to change.

Folger and Skarlicki (1999) propose that justice, or fairness, is a psychological mechanism that acts as a mediator of an individual's resistance to change, and refer to this framework as *resentment-based workplace resistance*. They define resistance as "employee behavior that seeks to challenge, disrupt, or invert prevailing assumptions, discourses, and power relations" (Folger and Skarlicki, p.36). It has also been acknowledged as a response to managerial control (Jermier et al., 1994) and, in relation to fairness, can be particularly severe during a period of organizational change (Cobb et al., 1995; Novelli, Kirkman and Shapiro, 1995). For instance, it has been asserted that individuals will compensate for negative emotional experiences during organizational change (e.g. job values, job security, fair treatment) by withdrawing from the organization and its representative agents (Turnley and Feldman, 2000).

Because of their disadvantage in an exchange relationship with an employer, employees are aware that they run a high risk that their efforts will fail to be adequately compensated in that relationship (Shore and Shore, 1995). According to Shore and Shore this is because: i) the employee is the less powerful partner in the exchange; ii) there is often a delay inherent in employer fulfilment of obligations; and iii) multiple agents may influence whether obligations are fulfilled. This imbalance can be partly mitigated by the potential threat of employee actions such as reducing effort, absenteeism and quitting. Although, these actions are unlikely to have as significant an impact on the organization in comparison with the result of actions they may bestow upon the employee (Shore and Shore). This reduction in affect also has the converse effect in that employees may feel slighted by the smallest act of perceived unjust behaviour towards them by the organization, in comparison to the negative attitude or withdrawal behaviour of the employee towards the organization (Shore and Shore).

3.6.2 Influence of Perceived Justice upon Emotion

Previous studies acknowledge cognitive events can influence affective reactions and that work attitudes and behaviours are influenced by both affect and cognition (see Cropanzano and Folger, 1989 and Weiss et al., 1999). There is support for the notion that justice perceptions influence positive and negative emotions although negative emotions are only experienced from an unfair outcome if both the outcome and procedure are perceived to be unjust. As part of a study into the emotional response to change, Paterson and Cary (2002) focused on anxiety. They found evidence that a positive evaluation directly reduced anxiety about the change, and indirectly, by increasing the perceived fairness of the outcome. They found that during a change programme the importance of specific events is likely to change with newly communicated information, effects of the change procedures and perceptions of justice influencing the individual's evaluation of the event, resulting in fluctuating emotions and eventual outcomes.

Although, the concept of perceived justice having a causal relationship with emotion has been evidenced as far back as Adams (1965) who proposed through the tenets of

Equity Theory that when an individual is under-rewarded they will feel anger, and when they are over-rewarded will experience feelings of guilt.

3.6.3 Organizational Commitment

There is considerable support for a relationship between an individual's perceptions of organizational justice and their organizational commitment towards the organization, although existing research is indecisive towards which of the three justice dimensions makes the greatest contribution. The judgements that employees make about procedural fairness of decisions and interactional treatment conducted by the organization have been found to influence the level of organizational commitment experienced by the employee (Rupp and Cropanzano, 2002). Similar studies also recognise distributive justice has been found most influential on more specific person-referenced outcomes such as satisfaction with a pay rise or performance evaluation (McFarlin and Sweeney, 1992; Sweeney and McFarlin, 1993) than system-referenced outcomes such as organizational commitment. Tyler (1990) argues that procedural justice is more influential towards employee support for institutions than distributive justice and within the two-factor model of justice this is reinforced in other studies (Folger and Konovsky, 1989); Sweeney and McFarlin, 1993). Conversely, distributive justice has been identified as having a stronger relationship with organizational commitment (Greenberg, 1994; Lowe and Vodanovich, 1995).

Along with an employee's stated intentions to leave, there is also evidence that organizational commitment is an important workplace predictor of staff turnover (Allen, Shore and Griffeth, 2003; Mobley, Griffeth, Hand and Meglino, 1979). The indecisive outcomes of current research raise the need for clarification of the relationship between organizational commitment and perceived employee justice. The prospect of conducting this research in a merger environment may be particularly beneficial because of a deficiency in knowledge in this area.

3.6.4 Organizational Citizenship Behaviour

Organizational citizenship behaviours (OCB) have been defined as behaviour that is discretionary but not explicitly rewarded with the purpose of improving organizational

functioning (Organ, 1990) and motivated largely by fairness perceptions. Being a fundamental element of the employee-employer social exchange relationship, OCBs have been found to have a stronger connection with procedural justice than with distributive justice (Ball, Trevino and Sims, 1994; Moorman, 1991). There is also evidence that OCBs are related to exchanges with organizational agents (i.e. supervisors, line-managers) and therefore they may also be influenced by interactional justice perceptions (Skarlicki and Latham, 1996).

3.6.5 Intention to Leave

Surprisingly, there have been few studies into the effects of organizational justice on an employee's intentions to leave (for an exception see Dailey and Kirk, 1992), a situation emphasised by Loi, Hang-yue and Foley (2006) who advise "the underlying processes through which organizational justice leads to employee turnover remain largely unknown" (p.102). Their investigation into the effects of perceived organizational support as a mediator in the relationship between a two-factor model of distributive and procedural justice and intention to leave offered evidence of a significant relationship. These results provide further supporting evidence of the importance of organizational justice in the employee-employer social exchange relationship and further insight into the mechanisms through which this is essentially maintained. However, once again, the shortfall in knowledge in an important dimension of employee behaviour underlines the requirement for further research into the phenomena of organizational justice.

3.7 Summary

The perception of fairness is bound within a reciprocal relationship between an employee and their organization. It is within this relationship of social exchange that important employee attitudes and behaviours are influenced by the perceived fairness of the organization's actions. Three dimensions of organizational justice have been identified as, distributive justice, procedural justice and interactional justice. Each have been developed and recognised within the workplace as independent constructs, although interactional justice is considered the enactment of procedural justice. Important workplace outcomes have been identified with organizational justice such as the attitudes of commitment, satisfaction and trust, along with the behaviours of

citizenship, withdrawal, job performance and intention to leave. Significant interactions have been identified with the variables organizational culture, identity and the psychological contract, three highly influential factors of human behaviour in a merger or acquisition situation, and recognised as potential barriers to integration. Influential antecedent relationships of organizational justice include the use of social accounts, trust and uncertainty, voice, affective state of the individual and group influence.

It is evident from this research review that there are many gaps in the body of knowledge associated with the dynamics of organizational justice, and, in particular, within the context of a merger or acquisition. It is also apparent that, following a period of change in the workplace, an individual's perception of how fairly they and others are treated by the organization (organizational justice) as a result of decision outcomes may have a subsequent affect upon their attitudes and behaviours. Therefore, within this context there is a requirement to investigate the mechanisms of perceived fairness, its development, its importance to the individual when evaluating decision outcomes and its subsequent influence on their attitudes and behaviours. Because, in turn, this has been found to impact on organizational outcomes such as the company's ability to meet its strategic objectives, it is important to address this shortfall in knowledge. Therefore, the overall purpose of the current study is to investigate the dynamics of perceived organizational justice and its potential influence within the process of a merger. Understanding the dynamics of these concepts supports the development of knowledge by investigating the causes of human barriers to integration.

Intentions are to develop the frameworks discussed in chapters 2 and 3 and take these forward into the specific change environment of a merger or acquisition to explore an area that is much under researched, yet evidence suggests has important implications towards the successful implementation of an integration plan.

The research design of this next phase is now discussed in chapter 4.

CHAPTER 4

Research Design

4.1   Introduction

The plans and procedures used in designing the current study are presented in this chapter, which is structured to provide an account of the aims and objectives, the strategy and purpose, the study structure and an overview of the research questions and hypotheses.

4.2 Aims and Objectives of the Research

4.2.1 Research Aims

The academic aims of the study are to develop understanding of employee attitudes and behaviours in the context of a merger or acquisition, and to raise the profile of organizational justice, a phenomenon that may, through its influence of employee attitudes and behaviours, have a significant impact upon the effectiveness of an organization's integration objectives. The practical aims of the research are to raise awareness for the practicing manager of the implications of fairness towards the achievement of merger objectives, identify the factors that may influence fairness judgements and examine its effect on the individual in the workplace.

4.2.2 Research Objectives

Guided by the study's aims, the objectives of the research are to:

1) Investigate the level of importance of organizational justice for an employee when evaluating the change experienced in the process of a merger.
2) Enhance understanding of the complex relationships that determine an employee's cognitive processing of fairness judgements by identifying and exploring the antecedents of this process.

3) Determine the significance of these relationships for the employee by examining the strength of their attitude towards outcomes of the merger process.

4.2.2.1 Rationale for research objectives

In chapter 2, calls for further research into the concept of fairness in mergers and acquisitions were discussed, from which a rationale for the study was developed. Although a relationship between perceived fairness and important employee and organizational outcomes had been established, the shortfall of research in this particular context raised the need to ascertain the importance of organizational justice and therefore provide justification to focus on this as a major variable in the study. With regard to the second objective, the meta-analysis of Cohen-Charash and Spector (2001) investigated antecedents of fairness, but they stressed that more work needs to be conducted if a clarity of understanding is to be obtained. The need to establish whether there is a relationship between perceived fairness and behavioural outcomes specific to the merger or acquisition process is discussed, but in particular Meyer (2001) and Lipponen et al. (2004) have raised the profile, which supported the development of the third research objective.

4.3 Structure of the Study

In response to the research objectives, a mixed methods design was adopted within four distinct study phases, each developed upon the previous phase. The first three phases of research were conducted in a university business school which had recently merged with a management training college. Addressing the first research objective, Phase 1 consisted of an initial survey designed to test the importance of justice as a factor within the evaluation process. In Phase 2, a series of semi-structured interviews were conducted based on a thematic design. This was developed as an exploratory phase in response to the second research objective, which was to identify and explore the antecedents that determine an individual's judgement of perceived fairness. The design of this phase enabled a framework to emerge, constructed from the experiences of employees to determine the main antecedents of fairness. To address the third research objective and test the significance of these relationships for the employee by examining the strength of their attitude towards outcomes of the merger process, the significant

findings from phase 2 were then applied to a second survey in Phase 3. This strategy also offered triangulation through comparison of results gained from the use of alternative methods, and therefore presented the opportunity to add rigor and reduce the uncertainty of bias through their correlation. The survey conducted in Phase 3 was repeated within an NHS Trust, which had been formed from the merger of two separate Trusts in 2001. The objective of repeating the survey in a second organization was so that findings from both the Business School and the NHS Trust could be compared, drawing attention to commonalities and therefore providing a degree of external validity to the research outcomes. The research conducted within the NHS Trust became Phase 4 of the study. The structure of both research exercises are presented in Tables 4.1 and 4.2.

Table 4.1

Structure of Study for Research Site 1

Current Status	Pre-Merger Status	Courses Delivered	Phase of Study	Method
New business school	Management college	Executive training. Executive MBA. DBA.	1 2	Survey Semi-structured interview
	University business school	Undergraduate. Taught post-graduate. PhD.	3	Survey

Table 4.2

Structure of Study for Research Site 2

Sample Designation	Original Status	Phase of Study	Method
Sites 1	NHS Trust	4	Survey
Sites 2	NHS Trust		

4.4 Research Strategy

It has been proposed that there are two general strategies for collecting primary data, based on either methods of observation or methods of communicating with people about their attitudes, motivations, intentions and expectations (Blumberg, Cooper, and Schindler, 2005). The methods of interview and survey used in this study necessitated interaction through communication and provided the flexibility to respond to the research objectives by testing hypotheses, while also conducting essential exploratory research. The use of a questionnaire enabled the testing of hypotheses, and the semi-structured interview allowed the researcher the opportunity to explore respondents' individual attitudes and emotional experiences towards the merger along with the process used in its implementation. Both of these elements have been fundamental in meeting the research objectives. The study was a cross-sectional design and given that the focus of the research was based on employee attitudes, the unit of analysis was the individual.

4.5 Designation of Merger or Acquisition

The two organizations chosen for the current study operate within the UK public sector. The type of integration in both cases was categorised as a merger rather than an acquisition, partly due to the classification of ownership of public sector organizations (i.e no capital exchanges). This also had implications for employee outcomes. For example, in both cases consolidation of human resource was minimal, resulting in very few redundancies. However, there were similarities in both mergers of practices more common to an acquisition, and this was particularly evident within the integration at the business school. Here, this was related to the objectives of both pre-merger organizations, more of which is discussed in chapter 7. The objectives, relevant size of the two pre-merger organizations and the loss of status experienced by employees at the management college all contributed to the impression that certain aspects of this merger were more akin to an acquisition. As Rentch and Schneider (1991) allude, in reality there will always be a dominant partner due to characteristics including size, power and influence and viability, rendering the term 'merger,' in its true sense of equality, an almost redundant term. As it is recognised, from a psychological perspective at least, most mergers are actually takeovers (Cartwright and Cooper, 1992), it should be noted

that throughout the remainder of this thesis the two cases will be referred to as a merger, but it is considered that the results of the research may well be applicable to cases of acquisitions as well as mergers.

4.6   Research Question and Hypotheses

The research questions and hypotheses are presented in Table 4.3.

Table 4.3
Study Research Question and Hypotheses

Study Phase	Research Question or Hypothesis
Phase 1	*Hypothesis 1*. Along with organizational culture, organizational identity and team identity, when evaluating the effect of change in a merger, the organizational justice score will be recorded as 'important.'
	Hypothesis 2. When evaluating the effect of change in a merger, organizational justice will return a score that is equal to, or of greater importance than, organizational culture, organizational identity or team identity.
Phase 2	*Research Question*. Within the context of a merger, what are the key variables that influence an employee's perception of organizational justice?
Phase 3 & Phase 4	*Hypothesis 1*. Where an individual felt there was inadequate justification of the communicated message they will have experienced a greater propensity towards a breach of their psychological contract with the organization.
	Hypothesis 2. Where an individual feels aggrieved that they have not been offered genuine voice in the decision-making process, they will also have experienced a greater intensity of psychological contract breach.
	Hypothesis 3. If an individual feels they have received an unfair distribution of outcomes from the merger they will also perceive there has been a breach in their psychological contract with the organization.
	Hypothesis 4. Perceived psychological contract breach will be related to an individual's belief that they have not been dealt with in a truthful manner.
	Hypothesis 5. Perceived psychological contract breach will be related to an employee's perceived level of respect and dignity that they receive from the organization.
	Hypothesis 6. The more an individual perceives they have been treated unfairly during the merger process the lower will be their level of affective commitment to the organization.
	Hypothesis 7. Individuals who perceive they have been treated unfairly during the merger process will be more likely to signify an intention to leave the organization.

4.7 Summary

The need to raise the profile of organizational justice in the merger and acquisition environment has provided a rationale for the aims and objectives of the study. The research objectives influenced the need to use a mixed methods approach incorporating a design that included interviews to fulfil the exploratory requirements of the study. In addition, two surveys were undertaken to, initially, test two hypotheses proposing the importance of organizational justice, and, second, seven hypotheses proposing its significance and its relationships with other key variables. Each of these elements of the study was conducted in the first three phases within a university business school and the final fourth phase was conducted in an NHS Trust. The second survey was again administered within this final phase. The University Business School originated from a merger between the pre-integration university business school and a management college. The merger of two previously independent NHS Trusts provided the basis for the second research site.

CHAPTER 5

The Business School Merger

5.1 Introduction

In this chapter, for each phase of the study conducted within the Business School, an account is provided of the study hypotheses, research methods, the study variables, survey measures, their reliability and validity, and, where appropriate, samples and sampling procedures. In addition, the results of the three phases are also presented.

5.2 The Business School

The first of two organizations studied came from the higher education sector, and a faculty of business formed part of the merged entity on the 1st August 2008. The organization created the setting for phases 1 to 3 of the study. Initial contact with the organization was through an introductory letter (see Appendix E).

Originally two distinct and separate organizations, both were established in England, one being a management college, and the other a university business school. The University, of which the Business School is a part, is a traditional British university, with origins dating back to 1860, and provides for an overall student population of nearly 18,000. The second organization was founded in 1945 as a business training college, and at the time of the merger was dedicated to providing executive and post-graduate education and training. Motives for the merger differed considerably between the two organizations. The training college had been seeking a new partner for some time following a need to maintain future capital investment and therefore financial motives and an opportunity to benefit from scale advantages had been their primary objectives. Conversely, the University Business School approached the merger from a different perspective, and financial motives were not in their main interest. However, the merger coincided with a change in focus for the business school which was being

housed in a new building and was looking towards a direction of competing with other main stream business schools within the higher education sector. For them the integration could be seen as assisting with a strategy of adapting to a dynamic external environment, and, as had been suggested, an opportunity to become nearer the market through the acquisition of expertise and knowledge that already existed at the management college.

The two main campuses from where each original organization was based are approximately 12 miles apart, and have been maintained to offer the same education and training services. The newly formed business school, created by the merger of the two organizations, now educates approximately 7,000 students, offering undergraduate and post-graduate education in addition to the executive education and training.

Since the merger, the pre-merger management college has focused on its original objective of providing executive education and postgraduate studies in the form of an executive MBA and a DBA. The pre-merger business school is now housed in a newly constructed building and concentrates on the delivery of undergraduate courses, postgraduate taught courses and PhDs. Therefore, although this could be conceived as a horizontal integration because both pre-existing organizations offered similarities in their provision of postgraduate higher education, the emphasis in executive training offered by the management college meant that there were also undertones of a concentric integration. The structure of how these research sites will be referred to, and the type of education they deliver, is presented in Table 4.1.

The research population consisted of 348 employees who had been employed at either the University Business School or the management college at the date of merger. The staff members consisted of 121 academic positions and 227 non-academic positions within the institution, 228 based at the ex-management college, and 120 based at the University Business School. Between the point of merger and data collection, staff from both original organizations remained *in situ*, and therefore will be identified by the designation of their original organizations, belonging to either the *pre-merger*

management college or *pre-merger business school*. The newly merged organization will be referred to as the *new business school*.

5.3 Phase 1

5.3.1 Method of Data Collection

The first research objective asked for evidence that fairness was an important factor in the evaluation process. This raised two questions: (a) how is importance measured? (b) against what benchmark is importance being assessed? Identity and organizational culture had emerged from previous research as two significant factors in the process, prompting the decision to include these variables as benchmarks against which to measure strength of attitude towards the importance of fairness. The most appropriate method of conducting this research was deemed to be hypothesis testing. Cozby (2007) describes a hypothesis as "a tentative idea or question that is waiting for evidence to support or refute it" (p.17).

A questionnaire constructed from four existing measures was designed relating to organizational culture (Glaser, Zamanou and Hacker, 1987), organizational identity (van Dick et al., 2006), team identity (Jetten, O'Brien and Trindall, 2002) and the three dimensions of fairness (Colquitt, 2001). The final question of the survey invited respondents to add any further comments relating to the merger. The final questionnaire administered during Phase 1 is presented in Appendix F.

Although existing measures were used for the construction of the questionnaire, the introduction to each was adapted to ask the respondent to answer questions measuring their strength of attitude towards the importance of each variable. A five-point Likert scale was used throughout to measure strength of attitude from the extremes of *Not important* through to *Very important*, and, for those undecided, included a mid-point *No preference*. Before launch, the questionnaire was piloted amongst the researcher's fellow students for usability and to check any wording or grammatical anomalies that may have arisen.

5.3.2 Procedure

The questionnaires used to collect data from respondents working at the two campuses were self-administered. The majority of staff had access to their own institutional e-mail accounts and so, where possible, e-mail addresses were used and the questionnaire was constructed and distributed on-line. Where this was not possible, because the recipient did not have a work e-mail address, a paper copy was delivered to them via the organization's internal mail system. The preferred option of online survey was accessed by the respondent using a web link included in the introductory e-mail sent by the researcher.

The online survey was the preferred option because it was a more efficient alternative to administer, design and analyse. A downside to online surveys is that not all respondents may have access to facilities and, in addition, suspicions of lack of confidentiality are not easy to overcome (Housden, 2008), which may have an impact on response rate and obtaining complete information. Although, because the internet survey may introduce a feeling of greater anonymity, this method will have advantages over surveys administered face-to-face with respect to questions of a sensitive nature, and will also perhaps reduce the tendency for socially desirable responses.

Because the initial research population consisted of 356 employees sampling was not necessary. In total, 281 staff members were asked to participate in the on-line survey and the remaining 75 employees were presented with a paper copy to complete and return to the researcher's university postal address. Of the 281 staff members who were invited to complete the on-line survey, eight were unable to complete due to reasons including, maternity leave (three), study leave (one), personal request to be withdrawn (one), and having left the organization but not removed from the employee database (three). Of the 273 remaining staff members, 80 completed the on-line survey, a response rate of 29.30%. A larger response rate would have provided a better representation of opinion, although it is proposed that sample sizes of greater than 30 are appropriate for most research (Sekaran, 2003). External validity is increased with size of response rate and a larger sample is more likely to present an accurate representation of the population rather than a biased, misleading one. A general recommendation for data being analysed using statistical techniques is for a desired

level of between 15 and 20 observations (responses) for each independent variable and a minimum ratio that should never fall below 5:1 (Hair, Black, Babin and Anderson, 2010). In Phase 1, including organizational culture, three dimensions of justice and two dimensions of identity, there were six variables under observation meaning that the 80 responses achieved fell short of the desired level of 90, but was well in advance of the minimum level of 30. Therefore, this level of response was deemed acceptable.

A reminder was sent out on the 23rd October 2009, one week before the survey was due to close. In addition to the on-line respondents, seven of the staff sent a paper copy of the questionnaire replied. The organization's Resources Manager contacted line managers responsible for those included in the paper copy questionnaire to remind them of the survey one week prior to the closure date.

In total, there were 87 responses out of a possible 348, an overall response rate of 25.00%. While the overall response rate was not high it can be compared to a recent meta-analysis of 68 web-survey response rates which found an average 35% response rate with a standard deviation of 16% (Lozar Manfreda, Bosnjak, Berzelak, Haas and Vehovar, 2008). The response to the web-survey in the current study was 29.30% (80 responses from 273), slightly higher than the overall response, which was affected by the lower paper copy response rate.

Both the online and paper-based surveys were closed after a period of four weeks, a point where it appeared no further response was likely. All data returned from the questionnaires were collated in a computerised spreadsheet, which was then checked twice for errors or omissions before transfer into the data table of a computerised software package. Responses to the open question were transcribed in their entirety into a computerised table, and respondent identification number was recorded. Web survey responses were given an automated number starting at one, and the researcher provided a unique number for each of the returned paper copies of the questionnaire in a sequence continuing from the final online return.

Once all the data had been recorded in the computerised spreadsheet, basic descriptive analyses were conducted organised by demographic variable (e.g gender, age of respondent). This allowed for the data to be presented graphically enabling detection of

whether there were any obvious differences between the mean returns of each variable grouping (e.g. male/female). The data were then entered into the software analysis programme and tests for reliability using Cronbach's Alpha, and for normality of distribution using the Kolmogorov-Smirnov test, were conducted. Cronbach's Alpha is a diagnostic measure which allows the researcher to assess the internal consistency of the measures being used, highlighting any items that are inconsistent with the remaining items in the measure and allowing these to be discarded (Hair et al., 2010). The Kolmogorov-Smirnov test is used to assess normality of response distribution.

5.3.3 Ethical Considerations

Contact names and e-mail addresses for participants included in the online survey were supplied by the Business School. An introductory e-mail to each of the potential online participants included details of the research aims and informed them that by taking part they would be assisting the researcher with his Doctoral study. A Business School newsletter circulated during the previous month included an article about the prospective research project and informed employees that they may be contacted by the researcher. Names and workplace addresses were provided by the Business School for the 75 employees who received a hard copy of the survey by post.

The initial page of the survey (see Appendix F) informed participants that their responses would be kept in strictest confidence and, with exception to the researcher, would remain anonymous and personally unattributable. Participants were notified that the research was subject to guidelines set out by the British Psychological Society. Additionally, they were encouraged to contact the researcher using either the e-mail address or postal address provided if they had any queries or required further information about the research.

5.3.4 Phase 1 Hypotheses

The two hypotheses associated with Phase 1 were designed to test the importance of organizational justice in the context of a merger, and therefore meet the requirements of the first objective. To enable this, the three benchmark variables of organizational identity, team identity and organizational culture were included, against which a

standard level of importance could be set. Identity and organizational culture are discussed widely in merger research and the significance of their affect upon human behaviour is well documented. For issues regarding identity, and in particular those associated with status (Amiot et al., 2007; Hornsey et al., 2003), the need to detach identity from the pre-merger unit (Chreim, 2002), balance of power between merging entities (Gleibs et al., 2008), and the affect upon collective identity and perceived self-concept (Hogg and Abrams, 1988; Tajfel and Turner, 1986; van Dick et al., 2006) see chapter 2 for a detailed discussion. Similarly, the influence of organizational culture upon the individual is discussed in detail in chapter 2, and especially issues regarding misfit (Hubbard, 2001), retention of management (Cartwright and Cooper, 1992; van Knippenberg et al., 2002) and transition of employees (Reger et al., 1994).

The shortfall in research on the influence of organizational justice in a merger or acquisition context has been identified (see chapter 2 pp. 49-50) and in response to these calls its importance in this setting was being tested before further research was undertaken.

The need to establish whether the concept organizational justice was important in the evaluation process, and confirm existing research asserting the importance of organizational culture and identity, led to the development of the following hypothesis:

H1: Along with organizational culture, organizational identity and team identity, when evaluating the effect of change in a merger, the organizational justice score will be recorded as 'important.'

Following the outcome of hypothesis 1 there was then a requirement to establish the strength of importance associated with organizational justice in relation to organizational culture, organizational identity and team identity. In response, the following hypothesis was developed:

H2: When evaluating the effect of change in a merger, organizational justice will return a score that is equal to, or of greater importance than, organizational culture, organizational identity or team identity.

Hypothesis 1 was operationalised by calculating the mean score from the organizational culture measure, organizational identity measure, team identity measure and

organizational justice measure, and comparing each to determine whether the score was greater than mid-point (i.e. no preference). Each scale was measured using a 5-point Likert scale where, at their extremes, 1 represented *Not Important* and 5 represented *Very Important*. The mid-point score of 3 represented *No Preference* and therefore it was considered that a mean score of more than three established a positive inclination towards *importance*. There was a requirement for the higher margin between the mean score of each variable and the scale mid-point to be evidenced through statistical significance.

Hypothesis 2 was operationalised by determining whether the mean score from the organizational justice measure was at least equal to the mean score from the organizational culture measure, the team identity measure or the mean score from the organizational identity measure. To be more important, the mean score of organizational justice was required to be higher than the mean score of organizational culture, team identity or organizational identity, and there was a requirement for this to be evidenced through statistical significance.

An account of the variables and measures included in the survey are provided in sections 5.3.5 and 5.3.6. In each case, the author's permission to use the measure was obtained by e-mail correspondence prior to the final survey being administered.

5.3.5 Dependent Variables and Measures

Organizational justice. Colquitt's (2001) measure was used to investigate the three dimensions of distributive justice (four items), procedural justice (seven items) and interactional justice (nine items). This provided an opportunity to use a single measure of organizational justice represented by each of the three dimensions. In addition, the wording of items used in the measure were deemed to be the most appropriate from existing measures for the new scale being implemented in the current research. Alternative options, such as measures published by Moorman (1991), Price and Mueller (1986), and Folger and Konovsky (1989) were considered, but did not offer these unique contributions. Folger and Konovsky's measure was very specific in its focus on employee perceptions of their supervisor, and Moorman's measure did not include items representing distributive justice. Conversely, Price and Mueller's measure was

limited to the representation of distributive justice and the wording of the items would have needed too much manipulation to be compatible with the purpose for which the measure was being designed. In addition, Colquitt's measure was designed to investigate employees' feelings of fairness in relation to their job, which was compatible with the purpose of this survey. For the original measure, inter-item consistency was tested using confirmatory factor analysis, which showed high levels of consistency (α=.94). Reliability indicates the stability and consistency of a measure, and the extent to which it is free from bias (Sekaran, 2003). Cronbach's alpha coefficients were computed for each scale used in the study. This method of reliability coefficient is demonstrated by computing the mean intercorrelations of the items in the measure with strength of internal consistency being measured on a scale of 0 to 1. The closer that the mean intercorrelation is to 1 indicates a higher level of internal consistency amongst the items in each set. The tests revealed that reliability was good for items representing the organizational justice measure (α=.90).

Organizational Culture. This variable was measured using the *Organizational Culture Survey*, a 31-item measure designed by Glaser et al. (1987). The reason this scale was selected was because its items represented a broad range of workplace characteristics identifiable with organizational culture. These consisted of six sub-scales, *teamwork and conflict*, *climate and morale* (work conditions, motivation, general atmosphere), *information flow*, *involvement* (respondent input and participation in decision-making), *supervision*, and *meetings*. This broad application of cultural characteristics could not be found in such alternatives as those published by, Denison and Neale (1996), O'Reilly, Chatman and Caldwell (1991) and Harrison (1975). In the original tests high levels of inter-item consistency were reported (α=.82 to .91 measured by each of the six sub-scales). Calculated across all six sub-scales, reliability for the measure in the current study was good (α=.96).

Organizational Identity. Strength of attitude towards the importance of organizational identity was measured using a 4-item measure presented by van Dick et. al (2006). Although relatively short, the measure tapped into the four highly relevant factors of *feeling strong ties*, *identifying with other members*, *happiness at being a member*, and *self-definition of membership with the new organization*. With consideration to the overall length of the questionnaire and the addition of the six-item team identity

measure, the scale appeared to be the most suitable when compared to other measures published by van Dick et al., (2004), and Sha (2009). The inter-item reliability test conducted for the original measure was good (α=.92). In the current study, reliability for the measure was also good (α=.95).

Team Identity. In addition to organizational identity, strength of attitude towards team identity was also measured because previous studies have recognised its importance alongside organizational identity when considered in the overall concept of identity within the workplace. For this, a six-item measure constructed by Jetten et al., (2002) was used. The measure provided good representation with items tapping into solidarity with team members, and both identification with team members and individuals within the team. Alternative measures for team identity are difficult to find but comparisons were made with those published by Jetten, Hogg and Mullin (2000), and Randel and Jaussi (2003), with a verdict that representation of differing facets of team identity was more sophisticated in the measure presented by Jetten et al. For example, the respondent is asked to indicate strength of feeling towards the team in general as well as individual members of the team. Also, their solidarity with other work team members and the value they place on being a team member are examined. The original measure displayed a high level of inter-item reliability (α=.96), which was also displayed in the reliability test conducted within the current study (α=.93).

5.3.6 Demographic Variables

Seven questions in the survey related to demographic variables. Each of these provided important and potentially significant data about the respondent, from which patterns and relationships specific to their demographic groupings could be identified.

- *Gender* was measured with a simple dichotomous question. It has been identified as one of the differences that will play a key role in determining how individuals assess fairness in a situation (Greenberg and Wiethoff, 2001). In addition, the influence of gender is also raised by Collins (2005) who asserts that jobs and contracts are not homogenous. Partly on this basis consideration was given to include other demographic variables. As demonstrated, justification for their inclusion was provided by outcomes of previous research. For example:

- *Nationality*. The dynamics of interaction between national culture and organizational justice have previously been a particular focus (Brockner et. al, 2001; Horwitz et. al, 2002; Mannix et. al, 1995), and therefore bringing nationality to the equation in this context was considered to be an important inclusion.

- *Length of tenure:* The respondents were asked to state in years and months how long they had worked for the organization. It is proposed that employees with longer tenure are more psychologically involved and have stronger identification with the organization (Cohen and Avrahhami, 2006).

- *Time in current role:* It was considered that if length of tenure influences psychological involvement and identity with the organization then time in current role may have a similar effect, particularly as team identity is included as one of the main study variables in Phase 1. Data was also recorded in years and months.

- *Generic role:* A dichotomous question asking the respondent to state whether their generic role was i) academic or ii) non-academic was included. A condition specific to this study was the need to define whether the respondent was a member of the academic staff or not. This was deemed to be of particular significance because job specific factors may have been an important criterion of delineation between academic and non-academic staff.

- *Job title:* There is evidence of a relationship between job role and the dimensions of justice (Tata, 2000), and on these grounds job role was also recorded as it was considered that a differentiation between academic and non-academic roles may have a similar impact on the significance of each dimension of justice. Therefore, job title was requested which could then be used to identify the status of the employee in a three-level hierarchy: 'non-manager', 'manager', or 'senior manager.'

- *Age:* In addition, respondents were asked to state their age in years. Evidence of a relationship between age and organizational justice has been supported previously (Caldwell, Liu, Fedor and Herold, 2009) and it was considered that within the current study an opportunity was presented to investigate this relationship in a different context.

5.3.7 Validity

Validity relates to the extent that the object that is being measured is indeed what the researcher has intended to measure. Three major categories of validity in social science research have been identified, and these are content validity, criterion-related validity, and construct validity (Cooper and Schindler, 2006).

Criterion-related validity is achieved when a measure sufficiently differentiates between individuals for the criterion (outcome) it is expected to predict (Sekaran, 2003). Criterion-related validity can be classed as *concurrent*, where respondents are known to be different, or *predictive*, differentiating between respondents to predict on a future criterion. The criterion in the current study is the strength of importance of the variables being tested.

Construct validity assesses how well the results obtained from the current measure align with the theories around which the test has been designed. This can be gauged by using either the methods of convergent validity, a high correlation of the scores from different instruments designed to assess the same construct, or discriminant validity, no correlation between variables on different scales that are predicted to be uncorrelated. Similarly, as the measure and scales in the current study are different from those in the original study, construct validity in either forms of convergent or discriminant are relevant only to the current study.

Content validity is important to ensure there is sufficient representation across the items included in the measure of the concept being measured. Colquitt (2001) discusses content validity of the organizational justice measure and refers to the use of seminal works in the literature helping to ensure a degree of content validity. This would appear to be the case, as all three dimensions of justice are included in the measure, and in addition items of interactional justice are further identified as the two sub-dimensions of interpersonal and informational justice. Also, the original scales were adapted to ensure that the concept of importance was being measured.

Content validity of the *Organizational Culture Survey* (Glaser et. al, 1987) is expressed by the use of six sub-scales of organizational culture "grounded in both management

and communication research" (p.174). Presented in the original survey as sub-scales, the six components of organizational culture and their origins within management research are as follows: *Teamwork-conflict* (Allender, 1984; Gudykunst, Stewart, and Ting-Toomey, 1985; Solomon, 1985, Ting-Toomey, 1985), *climate-morale* (Poole, 1985; Poole and McPhee, 1983), *information flow* (Bormann, 1983; Galbraith, 1973; McPhee, 1985), *involvement* (Bacas, 1985; Burton and Hewlett, 1983; Collard and Dale, 1985; Denison, 1984; Hinckley, 1985; Lawler and Mohrman, 1985; Pascarella, 1984; Sashkin, 1984; Walton, 1985), *supervision* (Harrison, 1985; Klein, 1984; Richardson, 1985; Schlesinger and Oshry, 1984; Schuster and Miller, 1985; van Horn and Stinnett, 1984) and *meetings* (Franecki, Catalanello and Behrens, 1984; Hall, 1984; Hawley, 1984). The authors of the original survey state that while the six categories are not meant to be exclusive, they are included because in their opinion, "they are central to any construction of organizational culture" (p.174).

With regard to identity, Jetten et al.'s (2002) six-item team identity measure included three items that purposefully measured affective evaluation of the team because previous research indicated that affective commitment was closely related to various aspects of work (Allen and Meyer, 1996). The four-item identity construct applied by van Dick et al. was designed to include the cognitive, evaluative and affective aspects of organizational identity. Therefore, both measures provided good representation of attitude towards identity in the workplace.

5.3.8 Data Analysis

All 87 responses to the online and paper questionnaire were usable. Minor missing demographic data, nationality (one), job description (one) and age (two) were removed from analysis. Of the main variables, there were 17 cases of blank responses to items within the paper copy questionnaires returned and for the purpose of the survey were recorded as non-response and discarded. In line with the procedure advised by Field (2005), for the purpose of data analysis each missing data value was given a numerical code uniquely identifying it as 'missing data.' The software package could then detect and classify all missing items as non-response and subsequently those data values were excluded from the analysis. As a consequence any potential issues of bias that may have arisen from this particular irregularity were eliminated.

5.3.8.1 Frequency distributions

Of the 348 individuals invited to take part in the survey, 65.5% were based at the pre-merger management college and 34.5% were based at the pre-merger business school. Of the 87 responses, 58 (66.7%) were based at the pre-merger management college and 29 (33.3%) were based at the pre-merger business school, offering a close representation of respondent by campus location.

Of the 87 respondents, 53 were female (60.9%), 71 stated they were British (81.6%), 15 non-British (17.2%), and there was one missing response. The number of staff reporting as non-academic was 54 (62.1%) and 33 (37.9%) were members of the academic staff. From job titles supplied, and with assistance from the University Human Resource department, it was calculated that 35 (40.2%) of these roles were non-managerial, 38 (43.7%) were managerial, 13 (14.9%) were classified as senior managerial rank and there was one incomplete response. In comparison to population statistics the response was broadly representative. These characteristics are presented in Table 5.1.

Table 5.1

Sample Characteristics

Demographic Variable	Characteristic	*n*	Respondent	Population
Campus Location	Pre-merger management college	58	66.7%	65.5%
	Pre-merger business school	29	33.3%	34.5%
Gender	Female	53	60.9%	59.3%
	Male	34	39.1%	40.7%
Nationality	British	71	81.6%	-
	Non-British	15	17.2%	-
	Non-Response	1	1.2%	-
Generic Role	Academic	33	37.9%	46.7%
	Non-Academic	54	62.1%	53.3%
Job Grade	Non-Manager	35	40.2%	48.9%
	Manager	38	43.7%	38.5%
	Senior Manager	13	14.9%	12.6%

5.3.8.2 Measures of central tendency

The mean length of tenure was 7.18 years, a standard deviation of 5.49 years and a range of 28 years from 1 year to 29 years. The mean time spent in current role was 4.06 years, a standard deviation of 4.23 years and ranging from two weeks to 29 years. The mean age of respondents was 46.02 years, a standard deviation of 10.66 years and a range of 46 years from 24 years old to 70 years old. There were two missing responses to the question of age and these were not included in the measure of central tendency and dispersion.

Measures of central tendency for the main variables under observation can be viewed in Table 5.2.

Table 5.2

Measures of Central Tendency and Dispersion for the Main Study Variables

Variable	*N*	Range	*M*	*SD*
Procedural Justice	87	3	4.56	0.477
Distributive Justice	87	2	4.60	0.462
Interactional Justice	87	3	4.55	0.524
Organizational Justice	87	2	4.57	0.399
Organizational Culture	87	2	4.46	0.481
Team Identity	87	4	4.17	0.821
Organizational Identity	87	4	3.74	1.108

The data displayed in Table 5.2 relate to the mean scores for each of the main study variables in the first phase of research. It should be noted that the variable organizational justice represents the mean return for the three dimensions of justice, procedural, distributive and interactional. In addition to being measured as a two- and three-factor dimensional model, organizational justice has previously been measured as a single factor (see, Ambrose and Cropanzano, 2003; Martocchio and Judge, 1995).

Each of the variables was measured for importance on a five-point Likert scale where 5 represented maximum importance and 1 represented minimum importance. It can be

considered from the results displayed in Table 5.2 that, using the mean, all the variables returned a score greater than the central measure of '3' (*no preference*) and are therefore, in each case, classified as *important*. Indeed, the distribution of scores has a tendency to be negatively skewed, but, even so, the results offer immediate confirmation that organizational justice compares favourably in strength of importance when evaluated alongside organizational identity, team identity and organizational culture. A Wilcoxon Signed-Ranks test was conducted providing statistical evidence to support these observations. With bonferroni correction applied the score was greater than no preference for procedural justice ($z = -8.10$, $p < .001$), distributive justice ($z = -8.20$, $p < .001$), interactional justice ($z = -8.05$, $p < .001$), organizational justice ($z = -8.11$, $p < .001$), organizational culture ($z = -8.01$, $p < .001$), team identity ($z = -7.29$, $p < .001$) and organizational identity ($z = -5.22$, $p < .001$).

In addition to providing support for the proposition that organizational justice is considered important in a merger context, the results confirm the findings of previous research reporting the significance of both identity and organizational culture in a merger or acquisition. Under closer scrutiny the current research reveals that, based on the mean scores, organizational identity is of least importance, and, supported by the standard deviation from the mean, is the variable that reveals the greatest amount of disparity in respondent attitude. The other variables are confined to a narrower response range towards the higher end of the scale.

5.3.8.3 The use of non-parametric data analysis techniques

The data were tested for normality of distribution using the *Kolmogorov-Smirnov* test. The Kolmogorov-Smirnov test is used to determine whether an observed distribution of scores departs from a normally distributed set of scores. If the test is significant ($p < .05$) then the observed distribution is non-normal (Field, 2005). The results of the tests revealed an abnormal distribution was reported for each of the six variables ($p < .05$), and therefore, as parametric tests include an assumption of normality, non-parametric techniques of data analysis were utilised. Potentially, non-parametric techniques of analysis overcome this irregularity because they make fewer assumptions about the distribution of the data (Howell, 1982).

5.3.8.4 Correlation

It was considered an important element of Phase 1 to identify any significant relationship between demographic variables and the main study variables, and therefore a correlation analysis was conducted. For the purpose of testing correlation between the variables the non-parametric technique of Spearman's Rho was applied. The correlations are displayed in Table 5.3.

Table 5.3

Spearman's Rho Correlations for Dependent and Demographic Variables

	Pre-Merger Location	Gender	Nationality	Generic Role	Job Grade	Length of Tenure	Time in Role	Age
N	87	87	87	87	87	87	87	85
Procedural Justice	-.117	-.111	-.207	.032	.077	.159	.019	.112
Distributive Justice	-.100	-.150	.120	-.048	.045	.228*	.175	.078
Interactional Justice	-.165	-.195	-.021	.183	-.172	.125	.076	.186
Organizational Culture	-.154	-.252*	-.008	.162	-.068	.116	.024	.066
Team Identity	-.169	-.106	.015	.166	.055	.176	-.022	.111
Organizational Identity	-.174	-.080	.070	.192	.012	.009	-.113	.053
* Correlation is significant at .05 (2-tailed)								

From the results reported in Table 5.3, it can be seen that the only two significant relationships were between length of tenure and distributive justice, which indicates that there is less than a 5% probability of no relationship between the two variables ($p <$ .05), and between gender and organizational culture ($p < .05$). All other relationships between demographic variables and the dependent variables being tested were not significant in this context.

5.3.8.5 Non-parametric tests of variance

To test the first two hypotheses the technique of *Friedman's Analysis of Variance (ANOVA),* a non-parametric alternative to one-way ANOVA, was used. In a similar vein to one-way ANOVA, Friedman's ANOVA is a procedure for checking differences between several related groups. This technique allowed all dependent variables to be analysed within the same test, followed by *post hoc* procedures for those relationships of significance. *Post hoc* procedures were conducted using Wilcoxon signed-rank tests, a non-parametric alternative to the *t*-test for conditions that are related or dependent. Using this procedure allowed for the testing of variables in paired groups to determine significance of the organizational justice variable in its relationship with each of the three variables, organizational identity, team identity and organizational culture.

Independent tests were conducted to compare the effect of mean returns from dichotomous demographic variables upon the three dimensions of organizational justice, using the *Mann-Whitney U* test, a non-parametric alternative to the independent t-test. This procedure allows for the testing of significant differences between the mean scores of unrelated, or independent, dichotomous groups and those of the main study variables. For demographic variables with more than two independent groups, the non-parametric method of *Kruskal-Wallis* test was conducted.

The results for the four variables tested using Friedman's ANOVA are displayed in Table 5.4.

Table 5.4

Dependent Tests for Statistical Significance of Difference in Mean Returns

Variable	*N*	Mean Rank	F
Organizational Justice	87	3.06	
Organizational Culture	87	2.83	
Team Identity	87	2.33	56.98***
Organizational Identity	87	1.78	
***Difference is significant at 0.001			

As highlighted in Table 5.4, the Friedman's test found evidence of significant differences between the mean rank scores of the dependent variables ($\chi^2(3) = 56.981$, $p < .001$), warranting further exploration to specify which relationships this was associated to. The results from the *post hoc* procedures conducted using Wilcoxon signed-rank tests are presented in Table 5.5.

Table 5.5

***Post Hoc* Dependent Tests for Statistical Significance of Difference in Mean Returns Using Wilcoxon Signed-Ranks**

Test No	Variable	*N*	Mean Rank	Z Score
1	Organizational Justice	87	41.90	-2.80**
	Organizational Culture		33.93	
2	Organizational Justice	87	45.21	-5.23**
	Team Identity		22.43	
3	Organizational Justice	87	47.52	-6.53**
	Organizational Identity		12.75	
Bonferroni correction applied				
*Difference is significant at 0.017 **Difference is significant at 0.003 (one-tailed test)				

The post-hoc tests conducted following results obtained from the Friedman's ANOVA are displayed in Table 5.5. These results provide evidence of the significant differences in strength of response towards the dependent variables. The three tests depict the number of times each variable was ranked higher than its counterpart with significantly greater results for organizational justice against each of the three variables, organizational culture, team identity and organizational identity. It should be noted that because three tests were conducted on organizational justice, a Bonferroni adjustment has been made to avoid an increase in the probability of a Type 1 error.

Significant results for tests conducted between the dichotomous demographic variables and the three dimensions of organizational justice using the Mann-Whitney test procedure, are displayed in Table 5.6.

Table 5.6

Independent Tests for Statistical Significance of Difference in Mean Returns by Dichotomous Demographic Variable

Test No.	Dependent Variable	Mean Rank of Demographic Variable		Z Score
		Gender		
		Female	Male	
1	Interactional Justice	47.88	37.96	-1.81*
		Generic Role		
		Academic	Non-Academic	
2	Interactional Justice	38.20	47.55	-1.70*
		Nationality		
		British	Non-British	
3	Procedural Justice	45.87	32.30	-1.94*
*Difference is significant at 0.05 (one-tailed test)				

The results show the differences in aggregated mean score for each of the three justice dimensions. While only three tests revealed differences of statistical significance, these are worth noting. Tests by gender revealed that females stressed a greater importance for interactional justice in comparison to their male counterparts ($U = 695.5$, $z = -1.81$). Similarly, for tests conducted by generic role, interactional justice was also highlighted as being of greater importance to non-academic staff when compared to academic staff ($U = 699.5$, $z = -1.696$). Procedural justice was considered of greater importance by members of staff who were non-British ($U = 364.5$, $z = -1.937$), when analysed by nationality. All other test results for dichotomous variables were non-significant ($p => .05$).

The relationships between the remaining demographic variables and the three dimensions of justice were tested using the Kruskal-Wallis test procedure, allowing for the testing of differences between several independent groups, as opposed to Mann-Whitney U which allows the researcher to test for differences between dichotomous groups only. Running several Mann-Whitney U tests would have inflated the Type 1 error rate, and therefore the Kruskal-Wallis method was used to test demographic

variables with more than two groups. However, the procedure used was to run the Kruskal-Wallis tests initially, and for any results of significance follow up with *post-hoc* tests using the Mann-Whitney *U* procedure. The demographic variables tested by this method were those with more than two independent groups assigned, which consisted of age, job grade, length of tenure, and time in role. Results for the Kruskal-Wallis tests were significant for age ($p < .05$) and these are depicted in Table 5.7. The results showed non-significant for job grade, length of tenure and time in role.

Table 5.7

Independent Tests for Statistical Significance of Difference in Mean Returns

Test No.	Dependent Variable	*N*	Mean Rank of Demographic Variable				*H*
			Age in years				
			24-35	36-45	46-55	56+	
1	Interactional Justice	85	26.53	44.79	52.31	40.12	12.63**
2	Procedural Justice	85	32.59	41.52	52.31	37.97	8.38*
3	Distributive Justice	85	33.00	42.19	53.95	33.47	12.42**
*Difference is significant at 0.05 **Difference is significant at 0.01							
H = test statistic for the Kruskal-Wallis test.							

The test results displayed in Table 5.7 reveal that there are significant differences in emphasis on importance between age groups for each of the three dimensions procedural justice ($H(3) = 8.381$, $p < .05$), distributive justice ($H(3) = 12.424$, $p < .01$) and interactional justice ($H(3) = 12.633$, $p < .01$). For the difference in attitude displayed by age, a consistent trend was developed by the 24-35 year group who, in comparison to the other three groups, indicated that the three dimensions of justice were of least importance to them. A trend of equal relevance was set by the 46-55 year age group who, in comparison to the other three groups, indicated that the three dimensions of justice were of greatest importance to them. To provide a more in-depth analysis of the significant differences recorded with age groups, *post-hoc* tests using the Mann-Whitney *U* procedure were conducted. The results of these are displayed in Table 5.8.

Table 5.8

Post-Hoc **Tests for Two Independent Conditions by Age Group**

Test No.	Dependent Variable	Mean Rank of Age Group			Z Score
		Age (years)			
		24-35	36-45	46-55	
1	Procedural Justice	17.09	21.45		-1.22
		17.24		28.48	-2.70**
2	Distributive Justice	17.24	21.33		-1.16
		16.35		28.97	-3.18**
3	Interactional Justice	14.68	23.40		-2.43*
		15.15		29.63	-3.50**
Bonferroni correction applied					
*Difference is significant at 0.025 **Difference is significant at 0.005 (one-tailed test)					

Further analysis conducted in *post-hoc* tests, and displayed in Table 5.8, indicates that from the three justice variables tested the greatest difference in attitude to their importance was between the two age groups, 24-35 years and 46-55 years. This was the case for, procedural justice ($U = 140$, $r = -.29$), distributive justice ($U = 125$, $r = -.34$), and interactional justice ($U = 104.5$, $r = -.38$). The difference in mean scores for interactional justice was also significant between the 24-35 years and 36-45 years ($U = 96.5$, $r = -.26$).

Returning briefly to Table 5.7, the statistics bear out a pattern across the three dependent variables where importance increases in strength from a low point in the 24-35 group, increasing through the 36-45 group, and up to a high point in the 46-55 group, and then reducing in strength again in the 56 years and over age group.

It should be noted that because two tests were conducted on each dependent variable, a Bonferroni adjustment has been made to avoid an increase in the probability of a Type 1 error. In this instance, two tests were conducted on each variable and so the level at which the test becomes significant was divided by two, and therefore all effects are reported at either a 0.025 or 0.005 level of significance.

5.3.8.6 Phase 1 open question

The inclusion of an open question offered the opportunity for respondents to add any further comments relating to the survey. Most of the comments that were made related to the respondents' affective reaction to the merger, for example, where they felt compromised or threatened by the changes being imposed. However, there were a number of responses that highlighted a difference in attitude towards how important they felt certain aspects of the merger were and their experiences during and after its implementation. One respondent asserted that questions concerning the importance to them of the variables under observation and their actual experience during the merger would "get very different answers" (BS-PT 11)[1]. This was supported by other related comments such as "The reality of people's experience is likely to be variable" (BS-PT20), "All 'very importants' here tend not to work in reality" (MC-PT 31) and "Although I have answered 'very important,' these needs have not been met so far" (MC-PT 34). Another similar comment affirming, "How important I find various concepts is one thing, but these differ very much from the reality of the situation. Therefore my preferences differ to the actuality of the way the organisation is run" (BS-PT 44), expressed a sense of frustration that employee expectations were not being met by organizational practice.

Of those who responded to the question, there was a strong reaction affirming dissatisfaction to some area of how the merger was implemented. In addition to observations about the outcomes of the merger, there were also many remarks about the methods of process used by leadership and management during its implementation. One employee explained,

> I feel that some of the decisions since the merger have resulted in a general dissatisfaction within the working environment. Although information was available throughout the consultation period, it was felt that the situation was a *'fait accompli'* and that new working practices would be implemented whatever the general level of dissent" (MC-PT 29).

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[1] MC= pre-merger management college, BS = pre-merger business school.
 PT = participant number.

Regarding honest communication one member of staff commented,

> I feel communication is a key aspect of any merger ....It's also important to be truthful in what is announced - there have been some instances where it hasn't seemed that way. These types of issues all affect the morale of staff, and at the moment, a year on, morale is very low and it's not a happy place to work" (MC-PT 68).

As a concluding remark one employee revealed the difficulty of the task ahead by commenting, "There is still a huge amount of work to settle the new organisation and also a lot of pent up anger" (MC-PT 76).

Although not typical of the mood, some opinions of staff highlighted the differences between the two pre-merger organizations and, perhaps, the difficulties of integration. This was raised in comments such as "A disaster from start to finish. [The pre-merger business school] now has a major and very costly millstone around its neck and a new brand which was past its sell by date over ten years ago" (BS-PT 22). Further still, "The 'management' of the new organisation acted arrogantly and without consideration of the difference between a management school for mature students and the needs of 18 year old undergrads" [emphasis in original] (BS-PT 61) was a criticism that underlined the difference in operational functioning between the two organizations. From a leadership perspective, "There is too much top down decision making masquerading as consultation. The '[pre-merger management college]' side of the new top management team undervalue what we do at [the pre-merger business school]. There is much more of an authoritarian atmosphere and dissension is tramped down" (BS-PT 6) was a remark that emphasises difficulties with a change in leadership style.

This apparent chasm between what was important to the individuals concerned in relation to process and outcomes during the period of change, and the actual reality of their experiences raised the question of what effect such an anomaly would have on their attitudes and behaviours at work. Evidence that the importance of organizational justice was significant to the employee had been established in Phase 1, and now there was a need for the second research objective to be addressed, identifying its antecedents and their relationships.

To address this objective in Phase 2 of the research, a series of semi-structured interviews was conducted. The methodology and results of this research phase are now discussed.

5.4 Phase 2

Phase 2 of the study was designed in response to the second objective, to identify the antecedents of fairness judgements as perceived by the individual. The main emphasis of this phase was exploration, which necessitated a different approach to the hypothesis testing conducted in Phase 1. Personal interviews were conducted with staff members, using a semi-structured format designed from an initial thematic template influenced by previous research from a change management context.

5.4.1 Phase 2 Research Question

To develop an understanding of how and why an individual perceives justice in a given context there is a requirement to identify the antecedents of this process. Once identified, an opportunity occurs to explore such phenomena and compare with that determined through previous research and established within the broader context of organizational change (for example see, Liao and Rupp, 2005; Tyler and Blader, 2003; van den Bos, 2003). The research question developed for Phase 2 of the study was:

Within the context of a merger, what are the key variables that influence an employee's perception of organizational justice?

5.4.2 Ethical Considerations

The interviewees who participated in Phase 2 were drawn from the survey respondents selected to take part in the initial interview. The procedure used was a self-nominating method whereby respondents to the first survey were all asked if they wished to put themselves forward for interview, and therefore each member of the study population was given an equal opportunity to take part in the series of interviews. This procedure ensured that employees didn't feel under obligation to participate and that it was

unnecessary to contact them for a third occasion to ask them to participate in the research.

Each of the interviewees was asked to read and sign a form of informed consent before commencing the interview. The consent form, which can be examined in Appendix J, confirmed a number of aspects concerning the interviewee's rights and other expected interview protocols, and informed them that the research was subject to ethical guidelines set out by the British Psychological Society. They were then asked to sign and date the form. Before the interviews commenced each participant was asked if they had any objection to the use of an audio recorder. All except two of the 25 interviewees agreed that the interviews could be audio recorded, and the remaining two interviews were transcribed long hand by the interviewer during the interview.

5.4.3 Method of data collection

A total of 28 respondents indicated that they wished to participate in the interviews. Of these, three were unavailable during the 2-week period selected for conducting the discussions, leaving a total of 25 interviewees.

Three approaches to qualitative interviewing in organizations have been identified as, *neo-positivism*, *romanticism*, and *localism* (Alvesson, 2003). Whereas romanticism is associated with the *interpretist* approach where the main ambition is to explore the meanings and experiences of organizational phenomena, and localism to the *social constructionist*, "the neo-positivist interviewer aims to establish a context-free truth about reality 'out there' by means of following a research protocol and getting responses relevant to it" (Thorpe and Holt, 2008). While Phase 2 of the research necessitated an exploratory investigation, it also formed part of a deductive inquiry building on initial research, enabling a loose framework to be constructed from which to conduct this part of the study.

5.4.3.1 Template analysis

The semi-structured interview schedule and the subsequent framework for analysis of collated data were both developed using the concept of *template analysis*. Based on the

work of Miles and Huberman (1984) and, specifically, as developed by King (1998), template analysis offers a thematic approach to the handling and analysis of qualitative data. It involves the construction of a coding template that comprises codes representing themes identified in the data through careful reading and re-reading of the text. It is important to note that codes are specified not only for themes found in most or all transcripts, but also for those that are salient in only a small minority of transcripts. It should also be noted that the hierarchical order of themes is not necessarily subject to their importance within the research, but is determined by their depth of focus. The developing framework should ensure that the higher order themes have a broad level of focus that encapsulates the lower order themes, which represent a much narrower focus. The list of codes is modified through successive readings of the texts until the researcher is sure they have achieved as full a description of the data as is feasible without reaching the state at which the description is so finely detailed that any attempt to draw together an interpretation becomes impossible (King, Carroll, Newton and Dornan, 2002). There is potential that as relationships develop between the data some sub-themes may appear more than once in the template and become attached to more than one higher order theme. For this reason, templates are often organised as a mind map (i.e. themes and sub-themes are depicted in their relationships with each other) rather than a hierarchical order.

Template analysis allows the researcher to begin the process with a pre-determined template of themes that may well develop and change according to the conversations conducted during the interviews (King, 1998). From previous research investigating the effect of change on perceived organizational justice, identity and culture, five level-one themes emerged as key influences and formed the basis of the initial template. This *a priori* template consisted of the following emerging themes:

i)   Social accounts - whether decision outcomes were justified through effective communication.

ii)   Process control (voice) - individual involvement in organizational procedure setting.

iii)   Group influence – and how this effected individual perception.

iv)   Trust and uncertainty - in the decision-making authorities.

v)   Affective state - the influence of the individual's emotional state on evaluating fairness.

Explanations of these five key themes and their particular importance towards the individual's perception of organizational justice are provided in section 3.5.

5.4.3.2 The interview schedule

The semi-structured interview schedule was informed by the Phase 2 research question which, identified by the three dimensions of organizational justice, was operationally defined by the five *a priori* themes and their influential research frameworks. In addition, questions from the first survey that provided responses of particular interest, such as any extreme reactions, were also used to inform the interview schedule. In particular, responses to Question 69, the open question, were drawn from in its construction. The operationalisation of the research question and subsequent research schedule can both be examined in Appendices G and H respectively. Appendix G depicts the research question and how it was operationalised through the three dimensions of justice by each of the associated elements. It will also be noted how each of the *a priori* themes, communication, voice, group influence, trust and uncertainty and affective state, are all prominent. In Appendix H it should be noted how either the element number or survey question informs each interview schedule question, probe or prompt. The themes to emerge from the interviews and form the basis of the final template were also used in triangulation of the data in phases 3 and 4 of the analysis.

The interview schedule was designed using the guidance of outcomes from previous research and was also influenced by questionnaire responses collated from Phase 1 of the study. This had the effect of enhancing validity in the construction of the schedule.

5.4.3.3 Sample

In total, the 25 interviews conducted with staff from both the pre-merger management college (19) and the pre-merger business school (six) consisted of 14 females and 11 males, of whom 23 were of British origin and two from overseas, nine identifying themselves as academics and the remaining 16 as non-academic. The mean length of tenure was 6.2 years, time in role 3.5 years, and the mean age of the interviewee was 43.8 years. These figures are presented in Table 5.9.

Table 5.9

Characteristics of Interviewees

Location		Pre-merger management college	Pre-merger business school	Total
Gender	Female	11	3	14
	Male	8	3	11
Nationality	British	18	5	23
	Non-British	1	1	2
Generic Role	Academic	4	5	9
	Non-Academic	15	1	16
Job Grade	Non-Manager	7	0	7
	Manager	6	5	11
	Senior Manager	6	1	7

5.4.3.4 The interview procedure

Most of the conversations were fluid throughout the duration of the interview, and indeed some overran the allotted time of 1 hour, but all were completed within 90 minutes. Each interview commenced with the interviewer asking the question, *In general, how do you feel about the merger?* The objective was to allow the respondent freedom of opportunity to develop the discussion around their own experience and to tease out the underlying themes forming the basis of their attitude towards the event. These attitudes may have been of a positive or negative nature, and the direction at this stage was totally under the control of the respondent. Once the respondent's underlying attitude towards the merger had been revealed then the interviewer guided the conversation by introducing the themes developed in the interview schedule and discussing these with the respondent within the context of their experiences. Using this strategy, the interviewer was able to develop an awareness of the respondent's attitudes to the merger and particular events that developed those attitudes, and at the same time compare this context to any perceived relationship with the three dimensions of organizational justice. While exploring the respondent's attitude within this justice framework the interviewer introduced to the discussion other variables detailed in the interview schedule, such as, for example, group influence and quality of communication. This enabled the interviewer to probe the respondent's interpretation of

how and why they developed such attitudes. On occasion, these discussions became so rich and deep in nature that the respondent would begin to relate their experience and its influences to consequential outcomes, and in particular a change in their organizational commitment. A noticeable behavioural outcome they related to their change in commitment was a reduction of organizational citizenship behaviour, exemplified by less willingness to work outside contracted hours on an evening and on a weekend.

Once the interviews were complete, the interviewee was thanked for his or her participation. Any transcription of the data was word processed as soon as practicable following the end of the interview. The full transcription of interviews and subsequent formation of templates formed part of the data analysis process.

5.4.4 Data Analysis

5.4.4.1 Process of analysis

During the course of the interviews it became evident that some of the *a priori* Level 1 themes were supported by the conversations being conducted and others, although included in the interview schedule and raised as points of discussion, were of little relevance to the interviewee's account of fairness and its influential factors. This was later confirmed when transcribing the interviews. The method used to prepare the conversations for initial analysis was to transcribe each one in its entirety and then summarise as a brief profile. The initial Level 1 themes and those that formed the final template are presented in Table 5.10.

The formal process of analysing the data began once all 25 interviews had been transcribed into computer word processing documents. Following interview transcription, which allowed the conversations to be revisited as well as continued and developed into a series of substantive themes and relationships, the documents were uploaded into NVivo, a software data management package used to organise and analyse transcribed qualitative data. Each transcript was examined for meaningful statements, and these were selected for coding into individual *free nodes*, which would then be allocated at a later stage into a hierarchical structure of *tree nodes*. Themes detected from the transcribed statements were documented for each interviewee, and

then higher order themes (e.g. Level 1) that appeared to encapsulate the eventual lower order themes (e.g. Level 2, 3 etc.), were noted for each interview.

Table 5.10

a priori **and Post-Interview Level 1 Themes**

a priori Level 1 Themes	Definition		Post-Interview Level 1 Themes	Definition
Social accounts	Communicating the justification of decision outcomes		Expectations	Anticipated outcomes from the merger
Voice	Individual's involvement in procedure setting		Control	Individual's influence over their own destiny
Group influence	The effect of group influence on the individual		Social exchange relationships	The effect of formal and informal communication
Trust and uncertainty	Trust in the decision-making authorities		Trust	Trust in the decision-making authorities
Affective state of the individual	The influence of affective state on evaluating fairness		Values	Culture change at both campuses

In addition to using the software, to add further rigour to the process data were also analysed manually using the conventions of template analysis. This process began with each respondent's full transcription, which was then annotated, highlighting the main themes to emerge from their interviews. The emerging themes were then summarised into an account for each of the interviews and when this process was complete each of the 25 summaries were analysed for relationships between the data. The identified relationships were documented and developed into hierarchical themes (e.g. level 1, level 2, level 3 etc.) and these were compared to the analysis conducted using the Nvivo software programme. As this process progressed for each completed interview the template was revised from its initial *a priori* state through three subsequent versions,

and adjustments made as necessary to reflect the key factors emerging from the research conversations.

When the task of transcription, the writing of profiles, and consideration of higher-order and lower-order themes for all interviews was complete, a final version of the template was produced. The final template can be viewed in Appendix I, and here it can be seen how each of the themes and their sub-themes are associated. Also included is a narrative of themes, which provides a summarised account of the interviews and a brief explanation of each theme to develop. To assist the reader each theme level is colour coded and this is emulated in the final template.

5.4.4.2 The interviews

It became apparent as the interviews progressed that the employee's past experiences were emerging as an influential factor and, in some cases were a key determinant of their attitude towards some of the procedures and outcomes of the merger. These *expectations* were often a result of their experiences within the employee's respective pre-merger organization and indeed this was a decisive factor in forming the characteristics of their pre-conceived attitudes. For instance, there were clear indications that prior to the merger some employees at the pre-merger management college experienced a dysfunctional relationship with senior management and this seemed to impact on their support for the current leadership. Comments such as,

> By the time we got to the merger, yes we needed it, but there seems to be a lot of bad feeling about if there hadn't been all of that [financial mismanagement] previously we wouldn't have been in such a dodgy position (MC-PT 01)

were typical of the mood at this campus. During interviews conducted with staff from the pre-merger management college, experiences such as this formed relationships with other data from the transcripts. These were then categorised into meaningful themes and together they formed the basis of the final template.

One of the most important issues to emerge was how employees perceived the setting of procedures and, in particular, the decision-making process responsible for this event. The communication mechanisms, implemented to set up a dialogue between the staff and their leadership of any changes to organizational procedures and employee

outcomes, were to have a major bearing on how, in general, they evaluated fair treatment and exerting a particular influence was the level of control they experienced during that process. As discussed in chapter 3, procedural justice is a key dimension of organizational justice and may even lead to a mitigation of perceived fairness of outcomes. Looking forward to the newly integrated organization, there was a distinct impression provided by staff at the pre-merger management college that adopting the University's procedures led them to conclude that, in future, they would have an increased level of trust in the operational process. One member of staff from the old management college who preferred the rigour of the University's procedures commented about the new expense system and getting used to questions such as "What project code does it come under? Whose authority is it under? There's a sort of sign off trail that wasn't there before" (MC-PT 8). Another individual commented "At least there is a clear process to go through" (MC-PT 1). Emphasising the relationship between setting clear procedures and promoting an environment of honesty, one participant declared, "There is trust in there that [the pre-merger business school] have got these procedures in place, and that can help [develop a trusting relationship]" (MC-PT 11).

However, during the merger implementation the role of *involvement* in procedure setting (voice) materialised as one of the main concerns amongst pre-merger management college employees. The general feeling was that although a mechanism for two-way interaction between members of staff and the senior management team existed in the form of a representative committee, any benefits of this were undermined by the belief that their comments and concerns would be disregarded. This perception by employees of *disingenuous voice* was a major critique of the merger implementation process. Support for this view was presented by remarks such as "You got the impression they were allowing us the chance to say what we wanted to say because they have to by law" (MC-PT 8) and "I felt that the communication was one-way and that one's own views weren't really considered" (MC-PT 24). There was a real sense of emotion portrayed by staff who detected a sense of betrayal from the organization in what they perceived to be a reciprocal relationship of trust. One individual remarked "There was no belief in what we were being told by the [pre-merger management college] and that lack of trust pre-dates the merger" (MC– PT 15). Perhaps the fear that acting as an individual would have little influence in their new environment led one

person to comment that, "Lots of people have joined the union because that's the only way we feel we have a voice against [the pre-merger business school]" (MC-PT 1).

A struggle with the leadership for an element of control over the changes that would affect the context of their work and, perhaps, in some instances their wellbeing within the organization, was a main concern for the majority of employees who were interviewed. In this form, c*ontrol*, in fact, was identified as a Level 1 theme incorporating *process control* and *locus of control*, both factors identified as Level 2 themes. A feeling that individuals were becoming concerned that they no longer had control over events that affected them (locus of control) became an issue with many of the pre-merger management college staff. It was particularly difficult for some of the longer-tenured staff because, over recent years, they had witnessed a change in the democratic management style to which they had become accustomed, towards a form of autocratic leadership. This was a main feature of the conversations conducted with staff at the pre-merger management college, leaving them with little confidence that they would have any influence over their own destiny. This was supported by staff proposing "although we were consulted, in the end we just felt it was going to go through" (MC-PT 3) and, "people started being dismissed, and gone, and it was like there was a whole agenda that was obviously intended" (MC-PT 5). In reaction to management consultation with workers about the planned revision of terms and conditions, "We thought they were taking this all on board, and in the end it was just, you know, it's going to happen, and it was enforced" (MC-PT 7). It is quite conceivable that feelings of anxiety demonstrated by employees were, in part, influenced by uncertainty, promoted by their perceptions of a pre-determined destiny and subsequent struggle for control.

Further to feelings of helplessness, the autocratic style of leadership, offering a mechanism for process control that was perceived by many to be disingenuous, also had the effect of affirming and consolidating previously held convictions that their leadership had little respect for the employees. Comments were made such as "It now still doesn't feel I can trust or that I am respected [by management] ... fairness to me is connected with respect, and I don't feel respected; didn't feel then, and don't feel now" MC-PT 11). A further related comment, "The non-respecting, in a way, and in

particular, in my area sometimes it feels like I don't have any input" (MC-PT 12) directly relates their low-level of input to the change with a feeling of disrespect.

Many of these concerns, including the perceived lack of respect, may have been a result of misunderstandings due to an ineffectiveness of the interpersonal communication between the leadership and employees. There was an unmistakeable sentiment developing that the communicated message of why the change was occurring, one of the *a priori* Level-1 themes, was emerging as an important factor in the influence of perceived fairness and the dynamics of its relationships with other variables being observed were becoming of particular interest. A common theme of the conversations generated around the topic of communication also included the subject of involvement in procedure setting and evidence of this is already provided in the above comments. From this it became apparent that a relationship existed between the two variables, but as yet the dynamics of which were unknown. As previously discussed, interactional justice has been identified as a social determinant of procedural justice (Cropanzano and Greenberg, 1997), and both forms of organizational justice have, on occasion, been identified as a single factor. Therefore, one would expect a significant correlation between the two dimensions.

In addition to the relationship developed with involvement, there were also indications of a prominent relationship between communication and trust, another of the *a priori* Level 1 themes. This was revealed in statements such as "If there had been more openness about the communication and rationale for it, I think, yes, honesty about what was in prospect, there would have been less of an issue" (MC-PT 7). Another member of staff commented, "I was feeling distrustful of the information that was coming from the top... I felt unsure about the exact message" (MC-PT 13). Again, relating to perceived honesty of the communication, one participant commented, "It sometimes felt as though the truth wasn't always being told" and they went on to add that the effect was, "there has been a massive dip in morale here" (MC-PT 12).

Although forming an important part of the discussions, communication between management and employees during the merger was designated a Level 2 theme and formed a sub-theme of the broader spectrum definition of *social exchange*. The main overriding issue to emerge during the staff interviews at the pre-merger management

college was the loss of benefits they had previously received before the merger. This situation gives rise to a potential conflict of economic exchange (Blau, 1964) between the organization and its staff. However, the consequence of the withdrawal of benefits, including free drinks and lunches, went far deeper than questions surrounding the relationship of economic exchange. It went to the very heart of the historic values and culture developed within the original management college, in which the staff played an integral part. This is depicted by a long-tenured employee, who stated,

> There was a culture where all the faculty had lunch together and you even had your names on serviette rings, and the faculty would have lunch together with students and clients all in the same room...it was almost like one of those rituals where for a certain period everybody would get together and it would be sharing and reaffirming the [management college] culture. (MC-PT 24).

Increasingly, drinks breaks and lunches were now taken by members of staff within their own offices because social arrangements at these times had been curtailed with the new arrangements. The design of the college building did not allow for contemporary open plan office environments and most employees worked in the small teams they were affiliated to. Unless purposefully arranged, contact with other employees was minimal. The importance of this networking and social ethos was again presented by a staff member who remarked,

> Decisions about payment for car parking and coffee etc are big issues because they were very much a part of the [management college] culture, and you would meet people over coffee and lunch. You would have opportunity to share information, catch up, problem solve, quickly maintain networks. (MC-PT 6).

Unless an effort was made to purposefully bring people together, under the new arrangements this was unlikely to happen. From the interviews conducted, there appeared to be a sense of anger towards this challenge upon their perceived rights to network and socialise with different levels of management, and also with the students of the college. Discussing how they wanted to articulate their frustrations to senior management about the loss of benefits, one employee commented,

> Don't you understand how important they were? It's not about benefits or salaries, or it may be for some people, but it was more about this is how [the management college] worked...people don't meet as much as they did. The networking isn't as good, so a lot of the actual benefits of the approach have been lost. (MC-PT 1).

There was a distinct feeling that a collective camaraderie that went to the heart of the organization's culture had been severely damaged and perhaps even destroyed. It also appeared to have the effect of distancing and separating individuals at a time of great uncertainty and unease. They believed they had a right to these benefits and that this was built into their informal contract with the organization. This was highlighted by an individual who observed, "With a lot of people there was a psychological contract that said I am working here not because the pay is great but because there are these other benefits" (MC-PT 5).

Very much related to the detrimental impact from the event of a withdrawal of certain company benefits was the concern and anxiety expressed towards the change in emphasis towards organizational *values* experienced from the attempt to integrate two organizations with a very diverse cultural background. The change from a bespoke management college to becoming part of a university business school was an event with far reaching consequences for the traditional values experienced by staff at the pre-merger management college. However, another potentially divisive issue being implemented across the newly merged business school was a change in research focus towards a more main stream publishing agenda. Conversation with management at the pre-merger business school set out the change in vision for the new business school, and subsequent change in strategic focus. There were a number of particularly revealing comments that touched on the change in research agenda, and its impact on the considerable number of academics whose research strand was not identified as main stream. Comments such as,

> Colleagues at [the pre-merger business school] in the school of management here have been trundling along as an academic department for quite a long time; they have been quite an unusual department of management. In some ways their academic interests are not entirely main stream business management. (BS-PT 23).

In response to this change in research focus resulting from the merger, one manager commented,

> I think in some ways that was quite useful as far as the merger went because it justified a more aggressive top down approach not just to the [pre-merger management college] people but to the [pre-merger business school] people as well. (BS-PT 18).

The opportunity to become more main stream, and appeal to a practitioner-based audience was again insinuated with the remark, "The feeling is, 'well now that we have

merged we are moving in a direction where we need to be near the market,' and that's what the [pre-merger management college] brand is all about" (BS-PT 23). Therefore, there is evidence that the merger provided the opportunity to change the strategic outlook for the pre-merger business school, drawing their focus towards a near market approach, and a more aggressive research agenda. It was clear from the discussions with the pre-merger business school academics that this change in strategy and focus was significant to them and raised serious concerns about a conflict between the organization's goals and their own. This was exemplified with observations such as "On the research side that is where there is more anxiety for me personally. I am a publisher, I publish, I research; I am a business historian, I am in a business school" (BS-PT 25). Discussing it from a broader context, one academic from the pre-merger business school said, "I think you can count them, who you can get near an FT 40 journal, on one hand. It's not the kind of research that we do, so I think that is an underlying tension" (BS-PT 19). In general, summing up the feeling of academics at the pre-merger business school, one individual said, "I think for people [outside of the mainstream] there has been quite a lot of change and quite a lot of things to get used to in terms of, 'hang on a minute what kind of institution are we'?" (BS-PT 18).

At this point four factors of significance had been identified as Level 1 themes. These were *control, trust, social exchange,* and *values*. Another significant factor to emerge as a main influence of perceived fairness was anticipation of expected outcomes, which was categorised as *expectations*. In this context, the term 'expectation' relates specifically to two different points in time, and is therefore temporal. From the conversations the interviewees' recollections were often based on expectations of fear or hope, and these recollections could be identified temporally as either, *a priori,* or *future*. From conversations with staff at both campuses it became evident that as soon as the merger was announced early thoughts developed about the strategy of their respective organization, and how any actions taken to meet merger objectives would affect their relationship with the organization. Insecurity resulting from the unknown became a major concern and expectations based on known criteria such as limited information about their merger partners, previous experience with senior management, and other situational factors relating to their respective organizations, started to determine the emotional state of employees. These *a priori* expectations seemed to influence the level of positivity experienced by each individual, and seemed to be

dependent upon whether they were basing their expectations upon recollections of previous behaviour and events, or on their own aspirations. The issue of trust in management led certain individuals from the pre-merger management college to be apprehensive about the direction of the merger, and how this would affect them. Evidence of this came from such comments as, "The lack of trust that I had in the senior people, and I'm probably talking about 2 or 3 people here, had made me very concerned to make up my own mind about things" (MC-PT 24). Another staff member commented in the same vein, "When the merger was taking place I think there was an anxiety and nervousness because, actually, people at the top were in control and doing it and we just had to carry on doing our jobs" (BS-PT 25). Again, further emotional comments about the past behaviour of management provided evidence of how this shaped early opinions and expectations, as one employee commented, "If there had been a really cracking good person who had the College as number 1, maybe we wouldn't have had to go down that route, or maybe practices lower down that were inefficient could have been sorted out" (MC-PT 2). Another observation of the same attitude was, "We had got ourselves into a bad state, in part, because of issues to do with defects in leadership, and we had to merge, there was no alternative" (MC-PT 10). The lack of trust held by some regarding the intentions of those running the previous management college was encapsulated in another emotional comment. This particular employee observed,

> It was probably the sense of direction from the top, the openness of the communication and the way people were treated with fairness and respect was missing, and one had the sense that I am sure the leadership was trying to get the best for [the pre-merger management college], but there was a sense, a person was trying to get the best for, or some people were trying to get the best for, themselves. (MC-PT 7).

These early merger considerations by staff at the pre-merger management college, partly built on *a priori* expectations, carried a considerable amount of emotion that previous events had led to the changes being implemented. However, some of the staff at the campus were less inclined to dwell on blaming past behaviour, and saw positive signs for the future. One member of staff noted, "Yes, I think the reasoning when it first came along was kind of more abstract, 'this will give us financial security,' and then seeing the recession hit brought home the reasons to justify it" (MC-PT 3). For those staff looking forward, there were also perceived opportunities to be gained from the merger with a university. This was suggested by one pre-merger management college employee who pointed out, "Well, globally my initial thought was, I'll now be a

[university] employee, which is a much bigger empire. It's got lots of departments that are more interesting to me than business, so maybe more opportunity" (MC-PT 2).

What became clear from the interviews conducted in Phase 2 is that there was a sense of frustration among employees from the previous management college that this change had been forced upon them due to financial considerations. It appeared crucial that a partner was found, and this enforced change has been related by some employees to the leadership of the organization. It would seem that the emotional effect this has had on a number of staff members affected their perception of expected outcomes from the merger, particularly as the same management team were overseeing its full implementation. These retrospective judgements of trust appeared to affect perceptions of fair outcomes. Although, employees who based their conversations on future judgements, as opposed to retrospective judgements, were more optimistic about their own future outcomes.

In reaction to the perceived levels of fairness experienced by staff, in addition to a change in attitude towards citizenship behaviour, there were two further changes of attitude indicated during the interviews. At the pre-merger management college, the act of organizational citizenship behaviour, displayed by additional hours worked on an evening and weekend, had been curtailed and this coincided with an indication that affective commitment levels towards the organization had been reduced. There was also an indication by staff across both campuses of an intention to leave the organization in the near future. In a discussion with one interviewee who stressed that concern for the honesty of communication during the merger had changed their perception of management and the organization, they commented, "You don't stop doing the things you were doing; I don't think the link between that and your commitment is that linear ... but for things that you do require a bit of extra effort ... you think, why should I do the extra stuff" (MC-PT 6). Another interviewee added, "I felt that I always had a strong organizational commitment to [the management college], and my commitment was severely tested, but I didn't stop my commitment to [the organization] even though I still don't have that sense of organizational commitment that I used to. What it made me do was to focus very much on my job, and try and get as much engagement and satisfaction" (MC-PT 24).

On the subject of intention to leave one interviewee stated, "The only reason we are still here is because we are too scared to leave in case we can't get another job elsewhere ... that's how a lot of people feel" (BS-PT 17). One overseas academic from the pre-merger business school who was distressed about the change in research focus, felt that repercussions could be quite dramatic. On the subject of academics leaving the business school the person said "it will happen quite massively because other business schools are expecting it to happen. So, for instance, I have been approached from colleagues in Cardiff, I have been approached from colleagues in Cambridge and other business schools who are trying to recruit me, and the way they approached me is, OK, the merger, so how horrible is it? And basically what they are trying to do is get the very best academics here" (BS-PT 19).

Five Level 1 themes encapsulating the main antecedents of fairness were identified from the interviews. In addition to expectations, the other four Level 1 themes were control, social exchange, trust, and values. In their definition, a common factor emerges that employees from both campuses displayed certain emotion towards their perception that the organization was not delivering on expectations by fulfilling their part of an informal exchange contract. It therefore appears that this breach of psychological contract is responsible, at least in part, for influencing their perception of how fairly they were treated by the organization as a consequence of the merger implementation. Additionally, employees specified a number of attitude and behaviour changes that had been influenced by their perceived evaluation of these events.

5.5 Phase 3

The research objective for Phase 3 was to test the significance of outcomes to emerge from Phase 2 of the research by presenting and implementing hypotheses that represented those results. Testable hypotheses were developed with the motive to compare the results in a triangulation with the earlier findings from Phase 2 and provide further empirical support.

5.5.1 Phase 3 Hypotheses

The hypotheses formulated following Phase 2 specifically raised the need to test the significance of relationships between identified attitudes and behaviours, psychological contract breach and the three dimensions of organizational justice.

5.5.1.1 Development of hypothesis 1

During the Phase 2 interviews, a primary concern voiced by staff from the pre-merger management college was that some remuneratory benefits they received prior to the merger were being phased out as part of the consolidation in employee terms and conditions. It appeared that those staff members understood the benefits formed a compensation package for a salary that was generally perceived to be below market average. In consideration of their psychological contract with the organization, their evidence seemed to support a perceived breach of the terms under which they had been employed. According to some staff members the benefits were an accepted norm at the College that had been openly discussed by both staff and management, in some cases dating back to conversations developed during their initial job interview. There appeared to be a relationship between their perception of psychological contract breach and a failure by management to justify the changes being implemented during the merger, founded partly on their perception of management's ineffective use of social accounts, and unwillingness of staff to trust the communicated message being offered by the management.

Hypothesis 1 was designed to investigate the relationship between justification of the communicated message and psychological contract breach. Cartwright and Cooper (1992) inform that if employee uncertainty is to be addressed, one of the most important parts of the management process following the announcement of a merger is consistent communication, which will have a considerable impact on the individual's assessment of their psychological contract. Honest and direct communication is imperative in helping to build employee confidence in the process during the re-negotiation and assessment of the psychological contract (Hubbard, 2001; Schweiger and DeNisi, 1991). The disruptive nature of a merger will have a negative impact on employees and the effectiveness of organizational communication will directly affect how they cope with the changing organizational environment. Morrison and Robinson (1997) discuss

the two factors in the employee-employer exchange relationship that may give rise to contract breach as *reneging* and *incongruence*. They assert that the facilitation of ongoing communication is an effective method of minimising incongruence of promises made and therefore any employee interpretation of their breach. Justification through the use of social accounts offered by management has been found to reduce the assignment of blame (Walster, 1966) and alter the employee's perception of causality, control and intentionality (Bies, 1987).

With these considerations, Hypothesis 1 was formulated:

H1: Where an individual felt there was inadequate justification of the communicated message they will have experienced a greater propensity towards a breach of their psychological contract with the organization.

5.5.1.2 Development of hypothesis 2

During the interview phase, employees at the pre-merger management college discussed the considerable amount of dissatisfaction displayed towards the level of influence they had been allowed in the decision-making process surrounding the curtailment of their benefits. It was asserted that although a mechanism had been introduced allowing staff to feed back their attitudes towards the changes being implemented (voice) all objections to the changes made and alternative suggestions proposed for their introduction were ignored, leading to a feeling that the voice being offered by management was disingenuous. Turnley and Feldman (1999) discuss the relationship and consequences of employee voice and the psychological contract. They provide support for the proposition that when an individual feels aggrieved at not receiving genuine voice in the decision-making process, they may also experience a greater intensity of psychological contract breach and assert that voice is "a constructive effort aimed at repairing the employment relationship" (p.900).

In response to these assertions, a second hypothesis was formulated:

H2: Where an individual feels aggrieved that they have not been offered genuine voice in the decision-making process, they will also have experienced a greater intensity of psychological contract breach.

5.5.1.3 Development of hypothesis 3

Identified as a primary mechanism through which employees can stimulate positive change (Hirschman, 1970), voice can be used to correct perceived injustices in situations where, due to changes in their psychological contracts, employees would show resistance to an expected loss of valued rewards (Rousseau, 1995). This relationship between loss of valued rewards and perceived breach in psychological contract also provides further support for the third hypothesis, which refers to an association with unfair distribution of outcomes. During the interviews it became evident that outcomes from the merger were generally perceived to be unfair, and the disposition of this perceived injustice was dependent upon at which campus the employee was based. Disagreement at the pre-merger management school was mainly related to the withdrawal of benefits that the employees felt they were entitled to. The main concerns for the pre-merger business school staff evolved around the change in strategic focus towards a *near market* organization with a sharper research and publication agenda.

A third hypothesis relating to this dissatisfaction in the distribution of outcomes was formulated as follows:

H3: If an individual feels they have received an unfair distribution of outcomes from the merger they will also perceive there has been a breach in their psychological contract with the organization.

5.5.1.4 Development of hypothesis 4

Employees at the pre-merger management college indicated that they had little trust in the leadership of the newly merged organization and this dated back to their time in leadership of the management college. There appeared to be a relationship between those members of staff who indicated they had little trust in the leadership, and anger felt towards the outcomes received from the changes imposed as a result of the merger. For employees from the pre-merger business school this loss of trust related partly to their outcomes from the merger concerning the change to publishing strategy, but was also influenced by the change in dynamics of the relationship with their leadership.

They described a previously democratic leadership that had developed policy and procedure by being collegiate and inclusive, and this had extended to areas of policy such as publishing strategy where a certain amount of employee autonomy had been encouraged. There was a sincere belief amongst academic staff that this formed a major element of their informal contract with the organization and that this shift in publishing strategy, borne from what was perceived as an autocratic approach from their new leadership, had raised uncertainty about their relationship with the organization. Therefore, a combination of unfamiliarity with their new leadership and a sudden change in leadership style were identified as obstacles to the development of a trusting relationship. The effect of honesty in this re-assessment of the psychological contract is emphasised by Hubbard (2001) who states that both parties will depend heavily on trust that neither party will take advantage of the other. Robinson and Morrison (2000) maintain that if an employee feels that he or she has been treated dishonestly by the organization then this will be particularly detrimental to feelings of contract breach and their subsequent reactions to that perceived breach.

This evidence provided the basis for the formulation of a fourth hypothesis:

H4: Perceived psychological contract breach will be related to an individual's belief that they have not been dealt with in a truthful manner.

5.5.1.5 Development of hypothesis 5

A recurring theme from employees at the pre-merger management college was that their leadership showed little respect for them as individuals, which appeared to increase expectations that changes would be imposed without consideration of employee concerns. Comments were made directly associating perceived fairness with respect between all parties in that relationship, and it was asserted by staff from the pre-merger management college that they didn't feel respected by their leadership and, equally, that this lack of respect was reciprocated. There was an emphasis from some employees that this feeling of disrespect was related to the autocracy of leadership. In addition to honest treatment forming an influential dimension of interactional justice, employee judgements of feeling respected by authorities have also been identified as encouraging their perceptions of psychological contract breach (Bies and Shapiro, 1988). Additionally, Morrison and Robinson (1997) also recognised the interpersonal aspect of

interactional justice in a significant relationship with psychological contract breach, and, along with outcomes from the Phase 2 interviews, these findings provide support for hypothesis 5:

H5: Perceived psychological contract breach will be related to an employee's perceived level of respect and dignity that they receive from the organization.

5.5.1.6 Development of hypothesis 6

The assertion that fair treatment breeds commitment has been supported in a number of studies (see Brockner et al., 2001; Folger and Cropanzano, 1998; Shapiro and Kirkman, 1999) and this relationship was detected in a noticeable amount of conversations conducted during Phase 2. A number of the interview discussions appeared to indicate a correlation between a reduction of affective commitment to the organization and a perception of unfair treatment during the merger process. Conversations alluded to the fact that concern for the honesty of communication during the merger had changed their perception of management and the organization. The general mood tended to support the notion that while 'business as usual' or meeting role expectations was still an aspiration, the feeling amongst employees was that there was less commitment to exert extra effort up and above the call of duty. A move in commitment away from the organization and towards either a normative or continuous form of commitment was emphasised.

This relationship between affective commitment and organizational justice provides the rationale for a sixth proposition:

H6: The more an individual perceives they have been treated unfairly during the merger process the lower will be their level of affective commitment to the organization.

5.5.1.7 Development of hypothesis 7

Similarly to the assertion that fair treatment breeds commitment, there has also been an emphasis placed on the relationship between perceived justice and an employee's intentions to leave the organization (see Liao and Rupp, 2005; Mossholder et al., 1998; Shapiro and Kirkman, 1999; Simons and Robertson, 2003). During the interview

discussions the attitude taken by some of those employees who stressed they had been treated unfairly was to indicate that if alternative work opportunities arose elsewhere they would try and leave the organization. There was an assertion from some employees that the only reason they were still working for the organization was because they had real concerns about finding a job elsewhere. It was stressed that this was a general feeling amongst both academic and non-academic staff and there were indications that a significant number of academic staff were considering their situation and that they were being approached by other universities.

The perception of unfair treatment and its relationship with an intention to leave led to the construction of the final hypothesis:

H7: Individuals who perceive they have been treated unfairly during the merger process will be more likely to signify an intention to leave the organization.

5.5.2 Method of Data Collection

The survey used in Phase 3 was developed in-line with the seven testable hypotheses that had been informed by the series of interviews conducted in Phase 2. In addition to the three dimensions of organizational justice (distributive, procedural, and interactional), which were represented by two original measures, the main variables of interest were, *psychological contract breach*, *affective commitment*, and *intention to leave*. In addition, one of the negative themes to emerge from the interviews was a general feeling that without additional reimbursement individuals were less inclined to work beyond their contracted hours when needed to do so. It was indicated that this was a common act of citizenship before the merger, and in representation of this particular variable, one item was selected from an existing measure. The scales used for the original five measures, and the one item '*organizational citizenship behaviour*,' were replicated in their original format, using a variety of either five- or seven-point Likert scale responses. A more detailed account of the development of the measure is provided below (see sections 5.5.5, 5.5.6 and 5.5.7). Before launch, the questionnaire was piloted amongst a sample of 40 of the intended respondents for reliability and normality of distribution checks. No errors were found in the subsequent checks on this sample.

5.5.3 Procedure

In a repeat of the procedure introduced in Phase 1, self-administered questionnaires were used to collect data from respondents working on both campuses. If respondents had e-mail accounts, they were again the preferred option for distribution of an online survey, and an introductory letter (see Appendix K). Once again, where this was not possible, a paper copy was delivered to them via the internal mail system. In total, 277 staff members were initially invited to complete the questionnaire on-line, and the remaining 75 employees were presented with a paper copy to complete and return to the researcher's University postal address. Of the 277 staff members who were invited to complete the on-line survey, nine were unable to complete mainly because they had left the organization since the previous questionnaire was distributed (eight) or were on maternity leave (one). Of the 268 remaining staff members, 68 completed the on-line survey, 12 fewer than had responded to the first questionnaire, which was again at the lower end of expectations. A reminder was sent out one week before the survey was due to close. In addition to the on-line respondents, two of those sent a paper copy of the questionnaire responded, which again was very disappointing. Once more, the organization's Resources Manager contacted line managers responsible for those included in the paper copy questionnaire to remind them of the survey one week prior to the closure date.

In total, there were 70 responses out of a possible 343, an overall response rate of 20.41%. Following guidelines proposed by Hair et al. (2010) for conducting regression analysis, the desired level of 15 to 20 observations per independent variable was achieved for all hypotheses except hypothesis 3. However, the largest number of independent variables included in any part of Phase 3 was six, and this falls well within the limit described by Hair et al. that a minimum ratio of observations to independent variables should never fall below 5:1. Considering these guidelines it was decided that sufficient responses had been received for a representation of the variables being observed.

The online and paper-based surveys relating to questionnaire two were closed after a period of four weeks. All data returned from the questionnaire was collated in a computerised spreadsheet. Scores for two concepts, affective commitment and

psychological contract breach, included a mixture of positively and negatively worded items and therefore, in total, six of the items in the questionnaire needed to be reverse-scored. Those that required reverse scoring consisted of four of the eight items measuring the concept affective commitment (items 31, 32, 33 and 35) and two of the five items measuring the concept psychological contract breach items (items 42 and 43). This followed the procedure taken by the original authors of the two measures at point of data handling, and prior to data analysis, which is also recommended by Sekaran (2003). All data entered into the computerised spreadsheet was then re-checked twice for any errors or omissions before being transferred into the data table of a statistical software programme where the entries were once again re-checked. Responses to the open question were transcribed into a computerised table. An automated number, starting at 1, was provided for each response to the web survey, and the researcher provided a unique number for each of the returned paper copies of the questionnaire, in a sequence continuing from the final online return.

Following the procedure conducted in Phase 1, once all the data had been recorded in the computerised spreadsheet, basic descriptive analyses were conducted, organised by demographic variable (e.g gender, age of respondent). This allowed for the data to be presented graphically enabling detection of whether there were any obvious differences between the mean returns of each variable grouping (e.g. male/female). The data was then entered into the software analysis programme and tests for reliability using Cronbach's Alpha were conducted.

5.5.4 Ethical Considerations

Following the procedure used in Phase 1 an e-mail was sent to each of the potential online participants inviting them to complete the second survey and hard copies of the questionnaire were posted to the remaining 75 employees. Once again, the initial page of the survey (see Appendix K) informed participants that their responses would be kept in strictest confidence and, with exception to the researcher, would remain anonymous and personally unattributable. Participants were reminded that the research was subject to guidelines set out by the British Psychological Society.

5.5.5 Dependent Variables and Measures

▪ *Perceived psychological contract breach:* A global measure of perceived psychological contract breach that was first proposed by Robinson and Morrison (2000) in a well-cited study was used. The measure consists of five items and in its original format, retained for the current survey, responses were measured on a 1-5 scale ranging from 'strongly disagree' to 'strongly agree.' For the original measure, a high level of internal consistency was recorded ($\alpha = 0.92$). In the current study the method of Cronbach's alpha was used to measure reliability of the scales in the newly constructed questionnaire. These tests revealed that reliability was good for items representing psychological contract breach ($\alpha = .94$). Alternative measures were considered (see Thompson and Heron, 2005; Turnley and Feldman, 1999) but none offered the parsimonious approach of the global measure, which is consistent with existing conceptualisations of psychological contract breach as an overall evaluation of the employee-employer contract fulfilment (Robinson and Morrison, 2000). Also a criticism of composite measures is that they do not consider that what is valued in the psychological contract may well vary from one employment relationship to the next (Zhao, Wayne, Glibkowski and Bravo, 2007).

▪ *Affective commitment:* Allen and Meyer (1990) designed a scale to measure the three dimensions of commitment: affective, continuous, and normative. The eight affective commitment items originally used in Allen and Meyer's scale were used to measure this variable in the current study. At the pre-merger management college there was a great sense of affection and loyalty towards the current business school, which dated back to the time of the original management college, but appeared to have been damaged due to the negative experiences of perceived psychological contract breach. In Allen and Meyer's study, item measurement on a 1-7 scale was used ranging from 'strongly disagree' to 'strongly agree' and this was retained intact for the current study. The coefficient alpha for Allen and Meyer's original eight item affective commitment scale indicated good reliability ($\alpha = 0.87$) and in the current study a high level of reliability was again recorded ($\alpha = .90$). Emotional attachment to the organization was a particularly powerful message to evolve from the interviews with staff from the pre-merger management college. Items in the Allen and Meyer measure focussed on the individual's 'belonging' to the organization, its 'personal meaning,' and whether they could become as 'attached'

to another organization. Therefore, it provided good representation of the individual relationships experienced with the previous organization, and offered the opportunity to test whether these were still in evidence.

▪ *Intention to leave:* A three-item scale introduced by Vandenburghe and Bentein (2009) was used to measure this variable. The alpha reliability for the three items in the original study was 0.84 and in the current study (α=.90). The items were measured on a 5-point scale ranging from 1-5, 'strongly disagree' to 'strongly agree' and this was replicated in the current study. Again, in this case, a global measure was preferred as opposed to a composite construct, and although not a primary consideration, this contributed towards limiting the overall length of the questionnaire. Alternative measures were considered (Djurkovic, McCormack, and Casimir, 2008; Meyer, Allen, and Smith, 1993), but subsequently rejected on these grounds.

▪ *I am less inclined to work beyond what is required:* The one-item measure of organizational citizenship behaviour was taken from the OCB measure constructed by van Dyne, Graham, and Dienesch (1994). During the interviews in Phase 2 this one item reflected the attitude displayed by some staff that their perceived unfairness of the changes imposed from the merger had left them less willing to give additional and unpaid time to the organization on an evening, and during some weekends. In the original survey, this item was measured using a 7-point scale ranging from 'strongly disagree' to 'strongly agree,' and this was retained for the current study.

5.5.6 Independent Variables and Measures

▪ *Procedural Justice and Interactional Justice:* Both of these dimensions of organizational justice are represented in the questionnaire by Moorman's (1991) 12-item measure. This particular measure was chosen because the items in the survey provided a good representation of the variables to emerge from the interviews conducted in Phase 2 of the study. The four variables represented within this measure and the hypotheses in which they appear are, hypothesis 1, *Justification of the message* (item 20)*,* hypothesis 2, *voice* (items 15, 18, and 23)*,* hypothesis 4, *level of honesty* (item 17)*,* and hypothesis 5, *level of respect and dignity* (item 16)*.* Items within Moorman's measure represent the characteristics typifying fair treatment

through the interactional justice framework proposed by Bies and Moag (1986), and Leventhal's (1980) framework for procedural justice. Reliability of the 12 items used in the original measure recorded a high coefficient alpha (α = 0.98), and again in the current study reliability was good (α=.96). The items were measured on a 7-point scale ranging from 1-7, 'strongly disagree' to 'strongly agree.' In line with the measurement of other items within the survey, the researcher replicated this scale in the questionnaire.

- *Fairness of outcomes* (distributive justice): Price and Mueller's (1986) distributive justice index was used to measure the individual response to questions relating to fair distribution of outcomes following the merger, and represented the third dimension of organizational justice. The independent variable being tested, unfair distribution of outcomes, is represented by these six items within the questionnaire. From the interview discussions particular outcomes such as a change in terms and conditions, and change to strategic focus resulting in a different emphasis on publishing strategy, and the direction of the newly integrated business school, emerged as main concerns with an apparent significant influence on how justice was perceived by the individual. A number of distributive justice measures focus on the rewards of pay and benefits (see Niehoff and Moorman, 1993) whereas Price and Mueller's scale was chosen for the second survey because it is more representative of an individual's inputs, considering factors such as responsibilities, education level, and experience. The items were measured on a 5-point scale ranging from 1-5, 'very unfairly' to 'very fairly.' The original measure and five point scale were kept in-tact for the current survey. Internal consistency of the six-item scale for the current study was good (α=.96).

- *Organizational justice:* The measure for this variable was a combination of Moorman's (1991) procedural and interactional justice measure, and Price and Mueller's (1986) distributive justice measure, for which details have already been provided. In addition to a two or three factor model, organizational justice has been measured as a single factor model (for example see, Ambrose and Cropanzano, 2003; Martocchio and Judge, 1995). In support, internal consistency of the items included in this scale was good.

5.5.7 Demographic variables

Biographical data were collected and used to test the impact of its differentiating features. In the second survey the additional variable campus location was included, meaning eight demographic variables were used in total consisting of gender, nationality, generic role (i.e. academic/non-academic), campus location, job title, length of tenure, time in current role, and age. Justification of their inclusion in the survey for all except campus location is provided in Phase 1 section 5.3.6.

Campus location is of particular interest because the differentiating focus applied by staff from the two campuses was situation specific, and this appeared to have a considerable influence on the criteria upon which they based their justice judgements. For instance, the main influence amongst pre-merger management school staff appeared to be the withdrawal of benefits, whereas employees at the pre-merger business school seemed more concerned with the change in business strategy and how this affects their role within the organization, particularly with respect to the new research agenda. The impact on the individual in each case had been to challenge their evaluation of fairness, but based on very different criteria.

5.5.8 Validity

Comparisons of convergent construct validity can be viewed in Table 5.11. This demonstrates the mean scores and one standard deviation from the recorded mean score in the original study and compares to the mean score and one standard deviation in the current study. It can be concluded that there is a reasonable level of convergence between the five constructs in their original and current forms, and therefore construct validity is evident.

With regard to content validity, sections 5.5.5 and 5.5.6 referring to dependent and independent variables provide justification for the use of each measure based on evidence that the original authors considered a range of items to offer sufficient representation of each factor.

Table 5.11

Convergent Construct Validity Comparisons

	Original Study		Current Study	
Variable	*M*	*SD*	*M*	*SD*
Procedural & Interactional Justice	4.94	1.50	3.89	1.42
Distributive Justice	-	-	3.14	0.94
Psychological Contract Breach	2.63	0.95	2.89	1.03
Affective Commitment	4.63	1.33	3.99	1.45
Intention to Leave	1.86	1.02	2.87	1.34

Note. Because the OCB item did not represent the entire original scale, this was not included in the comparison. For distributive justice, the mean and standard deviation from the original study was unobtainable.

5.5.9 Data Analysis

All 70 responses to the online and paper copy questionnaire were usable, although there were some minor cases of missing demographic information consisting of, nationality (one), job description (one) and age (four). Missing data was accounted for using the procedure described in section 5.3.8 and for the purpose of data analysis each missing data value was identified with a unique code.

5.5.9.1 Frequency distributions

Once again, the subjects involved in Phase 3 worked for the newly merged business school, and were identified as originating from the pre-merger business school or the pre-merger management college. The entire study population was invited to take part in the survey, and on this occasion of the 343 individuals, 65.6% were based at the pre-merger management college and 34.4% were based at the pre-merger business school. Of the 70 responses, 47 (67.1%) were based at the pre-merger management college and 23 (32.9%) were based at the pre-merger business school, which closely represented the population.

Sample characteristics depicting both respondents and population are presented in Table 5.12 where it can be seen that of the 70 respondents, 44 were female (62.9%), 63 stated they were British (90.0%), 6 non-British (8.6%) and there was one missing response. The number of staff reporting as non-academic was 48 (68.6%) and 22 (31.4%) were members of the academic staff. The majority of respondents being non-academic and employed as clerical or administration staff explained the disproportionate number of females that completed the questionnaire. From job titles supplied it was calculated that 32 (45.7%) of the respondents were non-managerial, 25 (35.7%) were managerial, 12 (17.1%) were classified as senior managerial rank and there was one incomplete response.

Table 5.12

Sample Characteristics

Demographic Variable	Characteristic	n	Respondents	Population
Campus Location	Pre-merger management college	47	67.1%	65.6%
	Pre-merger business school	23	32.9%	34.4%
Gender	Female	44	62.9%	58.3%
	Male	26	37.1%	41.7%
Nationality	British	63	90.0%	-
	Non-British	6	8.6%	-
	Non-Response	1	1.4%	N/A
Generic Role	Academic	22	31.4%	46.2%
	Non-Academic	48	68.6%	53.8%
Job Grade	Non-Manager	32	45.7%	49.0%
	Manager	25	35.7%	37.4%
	Senior Manager	12	17.2%	13.6%
	Non-Response	1	1.4%	N/A

It can be seen in Table 5.12 that with regard to proportional representation of the population, for each of these categories there is an under-representation for those employees originating from the pre-merger business school and those defined as academics; similar circumstances to those reported in Survey 1. On this occasion, job grade is broadly representative of the population. Once again, the differences reported

are not deemed to reflect any major disproportionalities and therefore bias of the results is not considered to be a problem.

5.5.9.2 Measures of central tendency

The mean length of tenure was 8.39 years, with a standard deviation of 7.75 years, and a range of 38 years from 2 years to 40 years. The mean time spent in current role was 5.30 years, with a standard deviation of 6.41 years, and a range starting from 2 weeks and up to 33 years. The mean age of respondents was 46.61 years, with a standard deviation of 11.11 years, and a range of 40 years from 24 years to 64 years. There were four missing responses to the question of age and these were not included in the measure of central tendency and dispersion.

Measures of central tendency for the main variables under observation can be viewed in Table 5.13, which displays the mean strength of response from all participants to each of the main variables.

Table 5.13

Measures of Central Tendency and Dispersion

Variable	*N*	Range	*M*	*SD*	Scale
Procedural Justice	70	6	3.73	1.454	1-7[1]
Distributive Justice	70	4	3.14	0.937	1-5[2]
Interactional Justice	70	6	3.94	1.596	1-7[1]
Organizational Citizenship Behaviour	70	6	3.59	1.822	1-7[1]
Affective Commitment	70	6	3.99	1.450	1-7[1]
Intention to Leave	70	4	2.87	1.340	1-5[1]
Psychological Contract Breach	70	4	2.89	1.029	1-5[1]

Unlike the survey results in Phase 1 of the study, scale ratings differed between some variables and therefore, unless standardised, a comparison of means and standard deviations would be relatively meaningless. The objective in this phase of the study was

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[1] Scores range from 'totally disagree' to 'totally agree'
[2] Scores range from 'very unfair' to 'very fair'

to investigate relationships between the variables and respondents' attitudes towards their experiences observed in relation to the merger, rather than a variance of means, which had been the main objective in Phase 1.

5.5.9.3 Correlation

Survey responses were tested for normality of distribution using the Kolmogorov-Smirnov test. The results of the tests revealed an abnormal distribution was reported for each of the seven variables ($p < .05$), although unlike the results of the first survey the abnormality was not severe. This is revealed in a series of histograms, presented in Appendix C, depicting the distribution frequencies and it can be seen when considering the distribution curves that there are only two variables, 'organizational citizenship behaviour' (see Figure C4) and 'intention to leave,' (see Figure C6) that depart with any reasonable influence from normality. For both items there was a disproportionately high response indicating a strong disagreement to the negative behaviours of working less than what is required and having an intention to leave the organization, otherwise both variables would appear to be normally distributed. Organizational citizenship behaviour is represented by only one item in the survey and intention to leave by three items and therefore a decision was made to analyse the data utilising parametric methods rather than non-parametric methods that use fewer assumptions. In support of this decision Howell (2004) observes that parametric tests are more likely to lead to a rejection of a false null hypothesis than is a corresponding distribution-free test. Furthermore, he clarifies that even in situations where the distribution assumptions are violated to a moderate degree the arguments weigh in favour of conducting parametric tests as they are considered to maintain their advantage.

The technique of Pearson's Product Moment was used to measure correlations for demographic variables that were either continuous or categorical with three or more categories. The results are displayed in Table 5.14.

From the results reported in Table 5.14 it can be noted that there were only two significant correlations and these were between length of tenure and organizational citizenship behaviour ($r = .31$, p (two-tailed) $< .05$), and age and intention to leave ($r = .45$, p (two-tailed) $< .01$).

Table 5.14

Pearson's Product Moment Correlations for Dependent and Demographic Variables

	Job Grade	Length of Tenure	Time in Role	Age
N	69	70	70	66
Procedural Justice	.11	.12	.14	-.08
Distributive Justice	.24	.22	.15	.10
Interactional Justice	.21	.13	.10	-.04
Organizational Citizenship Behaviour	-.01	-.31*	-.21	-.16
Affective Commitment	.19	.09	.16	.15
Intention to Leave	-.225	-.20	-.20	-.45**
Psychological Contract Breach	.22	.17	.08	.03
** Correlation is significant at .01, * Correlation is significant at .05 (2-tailed)				

Tests to identify relationships between dichotomous demographic variables and the seven dependent variables were conducted using the chi-square method of analysis and these are presented in Table 5.15. As recommended when conducting chi-square tests with small samples, Fisher's exact test was used to avoid violating the assumption of minimum expected scores for each category (Fisher, 1922).

In Table 5.15 it can be seen that a significant difference ($p < .05$) is detected for gender relating to procedural justice, affective commitment and psychological contract breach. Where staff were located at the time of the merger (location) was also significant ($p < .05$) for the variables distributive justice and interactional justice. The mean scores of the variables under observation are reported in Table 5.16. It can therefore be concluded from the sample mean that males experienced a greater sense of distributive justice in the merger process than females ($\chi^2 (4) = 15.40, p < .01$). It can also be concluded from the sample mean that males are more likely to be affectively committed to the new organization ($\chi^2 (4) = 12.81, p < .05$), and less likely to feel that there had been a breach of their psychological contract ($\chi^2 (4) = 9.62, p < .05$).

Also detected from the results of the chi-square test was the effect that location of the employee had on their levels of perceived fairness. It can be concluded from the sample mean that those employees located at the pre-merger business school experienced a greater sense of distributive justice (χ^2 (4) = 12.35, $p < .05$), and interactional justice (χ^2 (4) = 13.09, $p < .05$), than employees from the pre-merger management college.

Table 5.15

Chi-Square Tests for Dichotomous Variables and Dependent Variables

	Gender	Generic Role	Location	Nationality
N	70	70	70	69
df	4	4	4	4
Procedural Justice	15.40**	4.05	2.05	8.66
Distributive Justice	6.72	5.16	12.35*	4.35
Interactional Justice	11.32	1.72	13.09*	7.29
Organizational Citizenship Behaviour	5.33	3.38	4.95	2.59
Affective Commitment	12.81*	3.43	3.56	5.39
Intention to Leave	7.41	10.90*	.80	2.58
Psychological Contract Breach	9.62*	1.15	6.40	2.00
* Correlation is significant at .05, ** Correlation is significant at .01 (2-tailed)				

Table 5.16

Mean return by gender for selected dependent variables

	Female	Male	Scale
Procedural Justice	2.95	3.46	1-5
Affective Commitment	3.61	4.62	1-7
Psychological Contract Breach	3.18	2.35	1-5
	Pre-Merger Management College	**Pre-Merger Business School**	**Scale**
Distributive Justice	2.94	3.57	1-5
Interactional Justice	3.68	4.48	1-7

Table 5.17 depicts the correlations between the main variables included in the study, and it can be noted that relationships are highly significant ($p < 0.01$). Outwith the three dimensions of justice, the most significant correlations are between affective commitment and intention to leave (-.635), and interactional justice and psychological contract breach (.614). Also, the relationship between affective commitment and interactional justice (.595), and procedural justice and psychological contract breach (.591) are particularly notable. It is also worth noting at this stage that the most highly correlated relationships are centred on the three variable sets of procedural-interactional justice, affective commitment, and psychological contract breach.

Table 5.17

Pearson Product Moment Correlations for Dependent and Independent Variables

	Procedural Justice	Distributive Justice	Interactional Justice	Organizational Citizenship Behaviour	Affective Commitment	Intention to Leave	Psychological Contract Breach
N	70	70	70	70	70	70	70
Procedural Justice	1.000						
Distributive Justice	.581**	1.000					
Interactional Justice	.814**	.664**	1.000				
Organizational Citizenship Behaviour	-.463**	-.355**	-.426**	1.000			
Affective Commitment	.599**	.332**	.595**	-.436**	1.000		
Intention to Leave	-.444**	-.447**	-.443*	.506**	-.635**	1.000	
Psychological Contract Breach	.591**	.513**	.614**	-.466**	.397**	-.326**	1.000
** Correlation is significant at .01, * Correlation is significant at .05 (2-tailed)							

The analysis in Phase 3 now moves forward from descriptive statistics and preliminary investigations into correlation of the variables, to perform a regression of these relationships.

5.5.9.4 Bivariate correlation and multiple regression

Regression analysis is one method of taking forward the results obtained from correlation and attempting to predict the value of a dependent variable from two or more independent variables. The strategy for entry of predictor items into the multiple regression model was to initially conduct a factor analysis on the items and then enter the results of the factor analysis as the input for the independent variable. The benefit of this method was to account for the high levels of multicollinearity between the items that would have occurred in each case had they been entered into the model independently, and therefore presenting a more accurate result.

An account of the tests conducted for each of the seven hypotheses is presented. In each case the hypotheses are re-stated.

H1: Where an individual felt there was inadequate justification of the communicated message they will have experienced a greater propensity towards a breach of their psychological contract with the organization.

The results for tests conducted on hypothesis 1 are presented in Tables 5.18 and 5.19. The model summary, presented in Table 5.18 investigates the predictor items representing the independent variable *justification* (of the decisions made) and its effect on the dependent variable of psychological contract breach. Here, the effects of the model are clearly displayed, consisting of the items, *you were helped to understand the reasons for the decisions,* and *you were offered adequate justification for the decisions.* In this case it can be seen that *justification* was significantly correlated to psychological contract breach ($r = .57$, $p < .05$). Adjusted R^2, representing the model if it were derived from the population rather than a sample, and therefore comparing to its external validity, is .31. This means that it would account for only 1.0% less variance in the outcome, indicating the cross-validity of this model is good. The standard error of the estimate (the standard deviation of all estimated sample means) is .86.

Table 5.18

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.57	.32	.31	.86	4.25	.043	2.13

Predictors: (Constant), you were helped to understand the reasons for the decisions, you were offered adequate justification for the decisions.

Table 5.19

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	2.89	.10		28.23	.000
Predictors	.58	.10	.57	5.65	.000

Predictors: (Constant), you were helped to understand the reasons for the decisions, you were offered adequate justification for the decisions.

The change statistics bear out the fact that justification as an independent variable makes a significant contribution to the variance in attitude towards psychological contract breach ($p < .05$), and therefore hypothesis 1 is accepted.

Finally, the Durbin-Watson test is a check for any correlation between residuals in any two observations. Residual terms should be independent, or uncorrelated, and a value of 2 (the statistic can vary between 0-4 with a high score indicating negative correlation, and a low score indicating a positive correlation) means the residuals are indeed uncorrelated. The score in this test of 2.13 indicates any independent errors are unlikely.

The parameters for the model are presented in Table 5.19. The b value is stated within the model as the unstandardised coefficient, which on this occasion is 2.89. In the regression model this value is known as the intercept and represents the value of the

dependent variable (psychological contract breach) when the value of the independent variable (justification) is zero. Therefore, the regression line intercepts the Y axis at 2.89 units, and for every unit increase of the two predictors representing justification there will be a subsequent increase in the value recorded for psychological contract breach of .58 ($p < .001$). The significance of the unstandardised b coefficients to the model is calculated using the t statistic. It is helpful to consider the multiple regression equation as $Y_i (b_0 + b_1 X_{i1} + b_2 X_{i2} + ... + b_n X_n) + \varepsilon_i$, and that the b values in this equation are stated within the model as the unstandardised coefficients. The standardised Beta (β) values present the number of standard deviations that the outcome will change as a result of one standard deviation change in the predictor, which allows for direct comparability of all predictors in a model. In this instance there was only a single representation of both predictors ($\beta = .57$).

In Appendix A, tests of residual normality are depicted in Figure A1, a histogram of frequencies, and Figure A2, which shows a P-Plot of standardised residuals, or errors. The residuals (errors) represent the difference for each case between the observed score (actual score) and the predicted score on the line of best fit (straight line that is best fitted to all data points). In order to enable meaningful comparison to other models the unstandardised residuals are then divided by their standard deviation (the average deviation from the mean for all residuals) resulting in a standardised residual. A perfectly normal distribution of residuals indicates that the model is a good representation of the data. Normality is also supported in Figure A2 which demonstrates the standardised differences between the observed data (actual scores) and the values that the model predicts (line of best fit). A perfectly normal distribution would be represented by a perfect linear fit, and Figure A2 depicts a closely uniform distribution. In Figure A1 there is evidence of a small negative skew and therefore a perfectly normal distribution cannot be reported. Although it can also be seen that the linearity of residuals recorded in Figure A2 supports the proposition that the deviance from normality is not considerable.

A check to test that the standardised residuals have similar variances at all levels of the predicted values and that assumptions of homoscedasticity and linearity have not been broken is presented in Figure A3. The random and even dispersion of all points indicates that these assumptions have been met. A violation of the assumption of

homoscedasticity would be presented by a wider dispersion of the residuals along different points of the predicted value, and a violation of linearity would be presented by the residuals displayed in a curvilinear relationship.

H2: Where an individual feels aggrieved that they have not been offered genuine voice in the decision-making process, they will also have experienced a greater intensity of psychological contract breach.

The results for tests conducted on hypothesis 2 are presented in Tables 5.20 and 5.21. The model summary, presented in Table 5.20, investigates the effect of the three predictor items that represent the three constructs of voice in this study, and their effect on the dependent variable of psychological contract breach.

Table 5.20

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.57	.33	.32	.85	32.76	.000	2.10

Predictors: (Constant), opportunities were provided to appeal or challenge the decisions, requests for clarification and additional information were allowed, all parties affected by the decisions were represented.

Table 5.21

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	2.89	.10		28.35	.000
Predictors	.59	.10	.57	5.72	.000

Predictors: (Constant), opportunities were provided to appeal or challenge the decisions, requests for clarification and additional information were allowed, all parties affected by the decisions were represented.

In table 5.20 the model summary is presented and shows the effect of the three predictor items representing the independent variable of process control, consisting of: i) *opportunities were provided to appeal or challenge the decisions*, ii) *requests for clarification and additional information were allowed* and iii) *all the parties affected by the decisions were represented.* The model correlation coefficient (strength of relationship between independent variable and dependent variable) and the coefficient of determination (proportion of the variance of the dependent variable about its mean that is explained by the independent variables) were significantly related to psychological contract breach ($r = .57$, $p < .001$). Adjusted R^2 was .32, which means if derived from the population it would account for only 1% less variance in the outcome, indicating good model cross-validity. The standard error of the estimate was .85.

As depicted in Table 5.20, the independent variable, *process control*, makes a significant contribution to the variance in attitude towards psychological contract breach ($p. < .001$). Therefore it can be concluded that hypothesis 2, proposing that a lack of voice (*process control)* increases the intensity of perceived psychological contract breach is supported by results obtained in the model. Finally, the Durbin-Watson test score of 2.10 indicates that there are no independent errors, and that residuals are uncorrelated.

The parameters for the model are presented in Table 5.21. The unstandardised beta coefficient for the predictor variable is .59 ($p. < .001$). In Appendix A, tests of normality are depicted in Figure A4, a histogram of frequencies, and Figure A5, which shows a P-Plot of standardised residuals. It can be seen in Figure A4 that the distribution suffers slightly from kurtosis (responses tend to be centralised), although, it allows for a normality curve that is evenly distributed. The P-Plot depicted in Figure A5 records a tight linear response, which supports the proposition that there is little deviance from normality.

Figure A6 depicts a graph of the standardised residuals, or errors, for the model, and the standardised predicted values for the model. It appears from the random and even dispersion of all points that the assumption of homoscedasticity has been met. The chart also provides further support for the assumption of linearity in the model.

H3: If an individual feels they have received an unfair distribution of outcomes from the merger they will also perceive there has been a breach in their psychological contract with the organization.

Tables 5.22 and 5.23 display the results of regression tests run for hypothesis 3. This involved the six predictor items forming the independent variable construct of *distributive justice* (unfair distribution of outcomes), and these were being tested for their relationship with the dependent variable of psychological contract breach. The model summary, presented in Table 5.22 presents the correlation coefficient and coefficient of determination which were significantly related to psychological contract breach ($r = .57$, $p < .001$). Adjusted R^2, was .31, accounting for 1% less variance in the outcome, indicating the model has good cross-validity. The standard error of the estimate is .86. It appears from the Durbin-Watson score of 2.21 that the assumption of no independent errors arising from correlated residuals has been met.

Table 5.22

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.57	.32	.31	.86	32.09	.000	2.21

Predictors: (Constant), considering the responsibilities that you have, taking into account the amount of education and training that you have, in view of the amount of experience that you have, for the amount of effort that you put forth, for the work that you have done well, for the stresses and strains of your job.

The parameters for each model are presented in Table 5.23 and the unstandardised beta coefficient for the predictor variable is, $b = .58$ ($p < .001$). Hypothesis 3 proposes that an unfair distribution of outcomes will be related to perceived psychological contract breach, and it can be concluded that this proposition is supported.

Table 5.23

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	2.89	.10		28.25	.000
Predictors	.58	.10	.57	5.66	.000

Predictors: (Constant), considering the responsibilities that you have, taking into account the amount of education and training that you have, in view of the amount of experience that you have, for the amount of effort that you put forth, for the work that you have done well, for the stresses and strains of your job.

In Appendix A, a histogram of frequencies is presented in Figure A7, which depicts a normality of distribution. Figure A8 shows a P-Plot of regressed standardised residuals, which records a close linear response, supporting the proposition that there is little deviance from normality.

It can be observed in Figure A9 that the standardised residuals for the model and the standardised predicted values for the model present a random and even dispersion of all points meaning that it appears the assumption of homoscedasticity has been met. The chart also provides further support for the assumption of linearity in the model.

H4: Perceived psychological contract breach will be related to an individual's belief that they have not been dealt with in a truthful manner.

Table 5.24

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.56	.31	.30	.86	31.02	.000	2.16

a. Predictors: (Constant), you were dealt with in a truthful manner.

Hypothesis 4 consisted of only one predictor variable, and therefore it has been analysed using bivariate regression. The model summary is presented in Table 5.24, which shows the predictor in the single model, *you were dealt with in a truthful manner*, has a significant correlation with psychological contract breach ($r = .56$, $p < .001$). Adjusted R^2 is .30, which means if derived from the population it would account for only 1% less variance in the outcome, indicating good model cross-validity. The standard error of the estimate is .86. In Table 5.25 the parameters for the model are presented including the unstandardised beta coefficient for the predictor variable which is .33 (sig. < .001), and a standard error of .06.

Table 5.25

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	*t*	Sig.
	b	Std. Error	*β*		
Constant	1.61	.25		6.40	.000
Predictors	.33	.06	.56	5.57	.000

Predictor: (Constant), you were dealt with in a truthful manner.

The model summary supports the hypothesis that there is a strong positive relationship between those who believe they were dealt with in a truthful manner, and those who believe that promises made relating to changes experienced during the merger were honoured (sig. < .001). It can therefore also be concluded that the same relationship will predict that those who believe they have been treated dishonestly are more likely to feel a victim of psychological contract breach. Therefore, on these grounds, hypothesis 4 is supported.

In Appendix A, tests of normality are depicted in Figure A10, a histogram of frequencies, and Figure A11, which shows a P-Plot of regressed standardised residuals. It can be seen in Figure A10 that the distribution suffers slightly from a negative skew, but a reasonable level of normality appears to be the case. The P-Plot depicted in Figure A11 also appears to support the case of there being little deviance from normality.

Standardised residuals for the model are presented in Figure A12, showing a random and even dispersion of all points. From this it appears that the assumption of homoscedasticity has been met. The chart also provides further support for the assumption of linearity in the model.

H5: Perceived psychological contract breach will be related to an employee's perceived level of respect and dignity that they receive from the organization.

As one item represented the predictor variable in hypothesis 5, analysis was conducted using bivariate regression. Table 5.26 presents the model summary, and the predictor in the single model, *you were treated with respect and dignity*, demonstrates a significant correlation with psychological contract breach ($r = .53$, $p < .001$). Adjusted R^2 is .27, which is only 1% variance, indicating good model cross-validity. The standard error of the estimate is .88. The model coefficients are presented in Table 5.27 revealing a b of .32 (sig. < .001), and a standard error of .06.

Table 5.26

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.53	.28	.27	.88	27.03	.000	2.23

Predictor: (Constant), you were treated with respect and dignity.

Table 5.27

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	1.59	.27		5.89	.000
Predictors	.32	.06	.53	5.20	.000

Predictor: (Constant), you were treated with respect and dignity.

The model summary supports the hypothesis and therefore it can be considered that those who believe they have not been treated with respect and dignity will feel a victim of psychological contract breach. On this basis, Hypothesis 5 is supported.

In Appendix A, tests of normality are depicted in Figure A13, a histogram of frequencies, and this reveals a slight negative skew indicating that the distribution may not be normal. Again in Appendix A, Figure A14 depicts a P-Plot of standardised residuals and this appears to support the assumption of a linear relationship, and little deviance from normality.

The assumption of normality is also supported when comparing standardised residuals and standardised predicted values, presented in Figure A15. Here, a random and even dispersion of all points is demonstrated, and further supports the assumption of linearity in the model. It would also appear that the assumption of homoscedasticity has been met.

H6: The more an individual perceives they have been treated unfairly during the merger process the lower will be their level of affective commitment to the organization.

The proposition of hypothesis 6 is that fairness will be linked to the variance in affective commitment; fairness is measured via its three dimensions of procedural, interactional, and distributive, justice. In Table 5.28 the model summary is presented revealing a strong correlation ($r = .58$, $p < .001$) for the model, which consists of the three organizational justice dimensions of distributive justice, procedural justice and interactional justice. The adjusted R_2 for the model was .32, which means from the population there is 1.0% less variance in the outcome, indicating good model cross-validity. The standard error of the estimate is 1.19. Finally, the Durbin-Watson test score of 1.81 supports the assumption that there are no independent errors, and that residuals are uncorrelated. The model parameters are presented in Table 5.29, which displays an unstandardised beta coefficient for organizational justice of .84 ($p < .001$).

Hypothesis 6 proposes that when an individual considers they have been treated unfairly then this will lower their affective commitment towards the organization, and this is supported by results obtained in relation to the model.

Table 5.28

Model Summary Dependent Variable: Affective Commitment

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.58	.33	.32	1.19	33.94	.000	1.81

Predictors: (Constant), distributive justice, procedural justice, interactional justice.

Table 5.29

Coefficients Dependent Variable: Affective Commitment

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	3.99	.14		27.96	.000
Predictors	.84	.14	.58	5.83	.000

Predictor: (Constant), distributive justice, procedural justice, interactional justice.

In Appendix A, tests for normality of distribution are depicted in Figure A16, a histogram of frequencies, which displays a normal distribution curve. It can be seen from the P-Plot in Figure A17 that there is little deviance from a linear distribution of the standardised residuals, and it can be observed in Figure A18 that there is a random and even dispersion of randomised residuals and predicted values for the model. From these results it would appear the assumption of linearity has been met. Figure A18 also supports the assumption of homoscedasticity.

H 7: Individuals who perceive they have been treated unfairly during the merger process will be more likely to signify an intention to leave the organization.

The model summary shown in Table 5.30 provides details of a significant relationship in the model between the predictor variable of organizational justice, represented by its three dimensions, and the outcome variable, intention to leave ($r = .50$, $p < .001$). Therefore, the hypothesis that those who indicate a greater sense of unfair treatment will

be more likely to signify an intention to leave is supported. Adjusted R^2 for the model was .24, a difference of 1.0%. This adjusted variance is small and indicates good model cross-validity. The Durbin-Watson test score of 2.11 is close to the ideal value of 2 and supports the assumption of no independent errors, and uncorrelated residuals. The model parameters are presented in Table 5.31 and the first noticeable item is the strong negative beta value ($b = -.67$, $p < .001$), which presents the situation that where there is an increase in the presence of perceived organizational justice then there will be a decline in the employee's intention to leave.

Table 5.30

Model Summary Dependent Variable: Intention to Leave

r	R^2	$\varDelta R^2$	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.50	.25	.24	1.17	22.52	.000	2.11

Predictor: (Constant), distributive justice, procedural justice, interactional justice.

Table 5.31

Coefficients Dependent Variable: Intention to Leave

Model	Unstandardised Coefficients		Standardised Coefficients	*t*	Sig.
	b	Std. Error	*β*		
Constant	2.87	.14		20.54	.000
Predictors	-.67	.14	-.50	-4.75	.000

Predictors: (Constant), distributive justice procedural justice, interactional justice.

In Appendix A, tests of normality are depicted in Figure A19, a histogram of standardised residual frequencies. This displays a normality of distribution that has a slight negative skew, but deviance from normality is not considerable and this is supported by the results of Figure A20, which shows a normal linear relationship. Further support for the assumption of normality is offered by the standardised residuals and standardised predicted values, presented in Figure A21, which demonstrates a random and even dispersion of all points, and further support for the assumption of

linearity in the model. It is clear that assumptions of homoscedasticity have also been met.

5.5.9.5 Phase 3 open question

With similar intentions to the Phase 1 survey, an open question was included in Phase 2 inviting respondents to make additional comments. A common theme was the reaction from pre-merger management college employees that for them the distribution of outcomes from the merger had been unfair and this was compounded by a feeling that interactions between senior management and staff had been mismanaged. Examples of these feelings are demonstrated in comments such as "This has been an acquisition rather than a merger, in which we have been left with inferior contracts and the poor relations," (Org 1-PT 04) and, "Employees of the former Management College have consistently been treated as a "poor relation" and continue to be treated with a complete lack of trust by the University" (Org 1-PT 10). The antipathy felt towards senior management is also clearly articulated by a former management college employee who declared, "I do still have resentment for the way we were treated. There was little regard for the numerous arguments and justification for the loss of our rights and privileges" (Org 1-PT 66). And the theme of interaction is continued with the consideration, "I think the merger could have gone better if there had been more open communication and distribution of information from the management" (Org 1-PT60). Perhaps the true feelings of many staff, particularly with previous affiliation to the management college, are encapsulated in the observation that, "The strategic purpose, direction, goals and desired outcomes of the merger, around which the staff could build their understanding of decisions, and to which they could contribute their commitment, have never been properly articulated" (Org 2-PT53).

These comments provide further support for the outcomes captured from the earlier phases of research, and in particular, the interviews in Phase 2, and results from the second survey.

5.6 Summary

In summary, the three phases of the study associated with research conducted at the Business School have been presented. In Phase 1, the procedures used to construct and administer the first survey were described along with the variables and original measures. Reliability scores and the validity of the survey were discussed. The interview process introduced in Phase 2 was explained and an account provided of template analysis, a thematic analytical tool used in the development and structure of the findings to emerge from the conversations held. The Phase 3 survey procedures and research variables were considered along with the administration of the questionnaire and the original measures used in its construction. Reliability and validity of the measures were also discussed. Results for each of the three phases have been presented and these were directed by the study objectives. The objective of the first phase was to establish the importance of organizational justice when evaluating the decision outcomes from a merger. The findings provided evidence that organizational justice was important and significantly more so than organizational identity, team identity or organizational culture. Tests for correlation between demographic variables and the main study variables were largely non-significant. During the qualitative phase of the study, a considerable number of factors were identified as influencing employee perceptions of fairness, and thereby part satisfying the objectives from Phase 2. Forming a template of ordered themes, the lower-order antecedents were encapsulated in five of the highest order level 1 themes identified as, *expectations, control, social exchange relationships, trust* and *values*. The common thread that then united all five level 1 themes and their sub-themes was *psychological contract breach*. Inter-relationships established between the antecedents of fairness and their identified relationship with psychological contract breach provided evidence for the remaining part of the Phase 2 research objective. The objective of Phase 3 was to determine the significance of the main relationships established during the qualitative component of the research. Seven hypotheses were tested, the first five of these investigating the relationships between dimensions of distributive justice, procedural justice and interactional justice and psychological contract breach. The final two hypotheses investigated the relationship identified between perceptions of organizational justice and the two attitudes of affective commitment and intention to leave. All seven hypotheses were supported.

CHAPTER 6

The NHS Trust Merger

6.1 Introduction to Phase 4

The intention of Phase 4 was to replicate the survey implemented in Phase 3, thereby seeking to increase external validity and generalisability of findings by providing support for the results where appropriate. An account is provided of the research methods, the study variables, research population, samples and sampling procedures. In addition, the data analysis and results are also presented.

The seven hypotheses tested in Phase 4 were a repeat of those stated in section 5.5.1 for Phase 3 of the study. As a reminder, these are re-stated.

H1: Where an individual felt there was inadequate justification of the communicated message they will have experienced a greater propensity towards a breach of their psychological contract with the organization.

H2: Where an individual feels aggrieved that they have not been offered genuine voice in the decision-making process, they will also have experienced a greater intensity of psychological contract breach.

H3: If an individual feels they have received an unfair distribution of outcomes from the merger they will also perceive there has been a breach in their psychological contract with the organization.

H4: Perceived psychological contract breach will be related to an individual's belief that they have not been dealt with in a truthful manner.

H5: Perceived psychological contract breach will be related to an employee's perceived level of respect and dignity that they receive from the organization.

H6: The more an individual perceives they have been treated unfairly during the merger process the lower will be their level of affective commitment to the organization.

H7: Individuals who perceive they have been treated unfairly during the merger process will be more likely to signify an intention to leave the organization.

6.2 The Health Sector Trust

Phase 4 of the research was conducted within the second organization which was from the health sector and came into existence through the merger of two National Health Service trusts on the 1st April 2001. The majority of staff, today, and at the time of merger, worked in two major hospitals and a smaller, third hospital, although a significant number of staff were also located in a number of additional buildings around the two districts. With both organizations providing general healthcare to their local communities this was identified as a horizontal merger of two very similar organizations within the same industry. This being the case, opportunity to implement and achieve cost efficiencies through industry rationalisation was the prime motive for the merger.

The total number of staff working for the Trust at the time of this research was approximately 5,500, and the number of staff employed at the time of merger and still employed at the time of data collection (the research population) was 2,090. Although the three hospitals were retained and kept their original identities, following the merger a significant number of staff were transferred to alternative locations within the Trust as services were integrated and re-located between hospital sites. Therefore, unlike employees from the Business School who remained in situ at the campus where they were located before the merger, for the NHS employees a simple connection could not be made between the site that was their main place of work when the research was conducted and at the time of the merger. However, as part of the demographic data collected, staff were asked to identify both their pre-merger location and where they were located at the time of the survey. For the purpose of this study, staff will be identified at each time point as being located at *sites 1*, *sites 2*, or *split-site* for a number of employees who indicated they spent an equal amount of their time at both.

6.3 Research Method and Procedure

Self-administered questionnaires were circulated, but because a large number of employees did not have e-mail accounts electronic distribution was not feasible on this occasion and therefore paper copies were distributed within the Trust's internal mail system to all 1,324 members of staff included in the sample.

In total there were 386 responses out of a possible 1,324, an overall response rate of 29.15%. In comparison to the response rate from the first two surveys conducted this was encouraging and meant that the confidence levels of 95% and 5% margin of error had both been achieved (see section 6.5.2.1).

A period of six weeks was allowed before the questionnaire was closed, the additional time being allowed because of the volume of completed questionnaires still being received at the four-week period. Data returned from the questionnaire was collated in a computerised spreadsheet. Following the procedure adopted in Phase 1, the same four items were reverse scored for the concept affective commitment and the same two items for the concept psychological contract breach. All data entered was then re-checked twice for any errors or omissions. Responses to the open question were transcribed into a computerised table. The completed paper-based questionnaires were numbered in sequence, starting at 1.

Once all the data had been recorded in the computerised spreadsheet, the data was re-ordered and presented in separate spreadsheets by demographic variable. This enabled some basic descriptive analyses to be run and the data to be graphically presented to detect whether there were any obvious differences between the mean returns of each category being observed. The data was then entered into the software analysis programme where once again the data were re-checked for any errors or omission, and tests for reliability using Cronbach's Alpha were conducted.

6.3.1 Ethical Considerations

Ethics approval to conduct survey research at the NHS Trust was granted by the National Research Ethics Service. To ensure that the Trust's data protection procedures were adhered to, all questionnaires were prepared in blank envelopes by the researcher, and names and addresses corresponding to the respondent's sample frame numerical identifier were added by the Trust's internal post room. This meant that up to this stage the identities of each subject had not been revealed to the researcher.

Following a similar format to the one used at the Business School, the initial page of the survey (see Appendix L) informed participants that their responses would be kept in

strictest confidence and, with exception to the researcher, would remain anonymous and personally unattributable. Participants were notified that the research was subject to guidelines set out by the British Psychological Society. Additionally, they were encouraged to contact the researcher using either the e-mail address or postal address provided if they had any queries or required further information about the research.

6.4 Phase 4 Variables

6.4.1 Dependent and Independent Variables

Details of each of the dependent and independent variables included in Phase 4 and the measures utilised in the survey along with their internal consistency have already been discussed in the account provided for Phase 3 and can be reviewed in sections 5.5.5 and 5.5.6. In addition, the validity of these measures is also discussed on in section 5.5.8.

6.4.2 Demographic Variables

Categories for biographical data collected in the third survey were similar to those included in Phase 3. The eight demographic variables consisted of, gender, nationality, current location, location at merger, generic role, current role, time in role, and age. Justification for their inclusion in the survey is provided in section 5.3.6. Similarly to survey one and two, generic role was included as a demographic variable, but the relevant differentiation on this occasion was between healthcare professionals, and support staff. With such a diversity of roles within the current research environment identification by generic role was simplified. Terms and conditions for each group of workers may well have differed providing a potential contrast in how the merger was perceived.

A temporal comparison of location was deemed necessary because it was understood that some staff had been relocated following the merger. Results from the first research site bore evidence of considerably different views with regard to the standardisation of terms and conditions following the merger, which therefore necessitated a similar comparison at the second research site. Therefore, respondents were asked to state their location before the merger (pre-merger) and at the time they completed the survey (June 2010).

6.5 Research Population and Sample

6.5.1 Research Population

The research population included all members of staff working for the two Trusts at the time of the merger on the 1st April 2001 and still working for the merged Trust at the time of data collection. This involved 2,090 employees working for the Trust within seven divisions, which consisted of, children's and women's services, corporate services, diagnostic and therapeutic services, health informatics, medicine and elderly, operations and facilities, and surgery and anaesthetics.

6.5.2 Research Sample

Fink (1995) describes a good sample as a miniature version of the population. With this in mind, and the inconsistent response rate received in the two previous surveys, the researcher was cautious when considering sample size. Based on this evidence, a response rate of 25% was deemed appropriate.

6.5.2.1 Precision and confidence

Precision in sampling can be defined as how close the sample characteristics are to the true population characteristics. Confidence denotes how much certainty can be provided that the sample characteristics are to the true population characteristics, and in business research a 95% confidence is the most conventionally accepted level (Sekaran, 2003). For most business or management research a commonly acceptable level of precision, or margin of error, is between 3% and 5% (Saunders, Lewis and Thornhill, 1997). An original estimate of the population provided by the Trust was 2,400 subjects, and using a 95% confidence interval and 5% margin of error this resulted in a necessary response of 331 employees. Calculated at an estimated 25% response rate this would mean a total sample of 1,324 subjects. This number was agreed with the Trust, and although the actual number of subjects in the population was subsequently fewer at 2,090, it was decided to continue with the agreed sample number of 1,324, thereby maximising the possibility of successfully achieving the necessary response of 331.

The following rules of thumb are offered by Roscoe (1975) for determining sample sizes:

1. Sample sizes larger than 30 and less than 500 are appropriate for most research.

2. Where samples are to be broken into subsamples; (male/females, juniors/seniors, etc.), a minimum sample size of 30 for each category is necessary.

3. In multivariate research (including multiple regression analyses), the sample size should be several times (preferably 10 times or more) as large as the number of variables in the study (p.184).

The current research adheres to these guidelines.

6.5.2.2 Sampling strategy

The Trust provided a sample frame with each subject identified by a unique numerical code preceded by the letter A, starting at A1 and finishing at A2090. Other than details referring to which of the seven divisions the subject was affiliated, no other identification details were provided by the Trust. This had been agreed in earlier discussions to maximise the data protection of staff included in the sample frame. To minimise the possibility of sample bias, the sample frame was stratified by division which ensured representation in the event that subjects identified by division offered different parameters on one of the variables of interest included in the study (Sekaran, 2003). The stratification was proportionate to the population of each division, and therefore equitable. Subjects were then selected from the sample frame by strata using a systematic random sampling procedure.

6.5.2.3 Sample characteristics

Table 6.1 presents the results of the proportionate stratified random sampling procedure used, and highlights the contrast in numbers employed by each division.

Table 6.1

Population and final sample by division

Division	Population	Sample
Children's & Women's Services	305	193
Corporate Services	108	68
Diagnostic & Therapeutic Services	297	188
Health Informatics	43	27
Medicine & Elderly	643	408
Operations & Facilities	153	97
Surgery & Anaesthetics	541	343

The sample characteristics are reported in tabulated format in Table 6.2.

Table 6.2

Sample Characteristics

Demographic Variable	Characteristic		*n*	Percentage
Location	Pre-merger	Site 1	183	47.4%
		Site 2	191	49.5%
		Split Site	5	1.3%
		Non-Response	7	1.8%
	June 2010	Site 1	171	44.3%
		Site 2	182	47.2%
		Split Site	31	8.0%
		Non-Response	2	0.5%
Gender	Female		328	85.0%
	Male		58	15.0%
Nationality	British		380	98.5%
	Non-British		2	0.5%
	Non-Response		4	1.0%
Generic Role	Healthcare Professional		297	77.0%
	Non-Healthcare Professional		82	21.2%
	Non-Response		7	1.8%

It should be recognised that the respondents were predominantly female, which was expected because a significant number of the sample were employed in the nursing profession. Also, nearly all respondents indicated they were of British origin and a majority were identified as healthcare professionals. Unfortunately a comparison of respondent characteristics to population characteristics is not possible because, due to issues of confidentiality, these data were not available before the survey.

The mean length of tenure was 20.74 years, the standard deviation was 8.26 years, and a range of 33 years from 9 years to 42 years. Time spent in role recorded a mean of 11.65 years, standard deviation of 7.67 years, and a range from a minimum of 3 weeks to a maximum of 38 years. The mean age of employees who responded was 48.31 years, the standard deviation was 7.25 years, and there was a range of 34 years from 30 years old to 64 years old.

6.6 Data Analysis

In this repeat of the Phase 3 survey, once again the main variables being tested were the three dimensions of organizational justice, psychological contract breach, affective commitment, intention to leave, and one item representing organizational citizenship behaviour. It should be recalled that the latter three variables were representations of attitudes and behaviours expressed by employees during the interviews conducted in Phase 2 as a response to feelings of unfairness experienced during the merger implementation.

The 386 responses to the questionnaire were used in the data analysis, but minor cases of missing data needed to be taken into account. Of the main variables there were occasions of non-response to all items for distributive justice (three), procedural justice (four), interactional justice (four), organizational citizenship behaviour (four), affective commitment (two), intention to leave (one), and psychological contract breach (seven). Of demographic data there were missing entries relating to nationality (four), current location (two), location at merger (seven), job title (seven), length of tenure (12), time in role (16), and age (22). Missing data was accounted for using the procedure described in

section 5.3.8 and for the purpose of data analysis each missing data value was identified with a unique code.

6.6.1 Measures of Central Tendency

Measures of central tendency for the main variables under observation are presented in Table 6.3. The mean response, its standard deviation, and range of responses are shown for each variable. As the measures are not standardised a direct comparison is not meaningful.

Table 6.3

Measures of Central Tendency and Dispersion

Variable	*N*	Range	*M*	*SD*	**Measurement Scale**
Procedural Justice	382	6	3.83	1.442	1-7
Distributive Justice	383	4	3.33	1.073	1-7
Interactional Justice	382	6	4.07	1.579	1-7
Organizational Citizenship Behaviour	382	6	3.32	2.035	1-7
Affective Commitment	384	6	4.11	1.248	1-7
Intention to Leave	385	4	2.47	1.271	1-5
Psychological Contract Breach	379	4	3.00	0.955	1-5

6.6.2 Correlation

The data were tested for normality of distribution using the *Kolmogorov-Smirnov* test. Comparable to the results of the tests of normality for the Phase 3 survey, the results revealed an abnormal distribution for each of the six variables ($p < .05$). Once more, the data were presented in a series of histograms, presented in Appendix D. Similarly, this revealed that for the two variables, 'organizational citizenship behaviour' (OCB) and 'intention to leave' (see Figures D4 and D6 respectively) there was a disproportionately high response indicating a strong disagreement to the negative behaviours of working

less than what is required and having an intention to leave the organization. Again, considering the advice of Howell (2004), a decision was made to analyse the data using parametric methods rather than using non-parametric methods that use fewer assumptions. The technique of Pearson's Product Moment was used to measure correlations for demographic variables that were either continuous or categorical with three or more categories. The results are displayed in Table 6.4 and it is worth noting the two demographic variables that have significant relationships with the main study variables are *current location*, and *time in role*. Current location has a significant relationship with all variables except *intention to leave*, and the significant relationship is particularly pronounced for the variables *distributive justice* ($r = .19$, p (two-tailed) < .01), *procedural justice* ($r = .17$, p (two-tailed) < .01), *interactional justice* ($r = .17$, p (two-tailed) < .01), and *psychological contract breach* ($r = .18$, p (two-tailed) < .01). *Time in role* is significantly related to all seven main variables, with the most significant of these being between *time in role* and *affective commitment*. ($r = .18$, p (two-tailed) < .01).

Table 6.4

Pearson's Product Moment Correlations for Dependent and Demographic Variables

	Current location	Location at Merger	Length of Tenure	Time in Role	Age
N	384	379	374	370	364
Procedural Justice	.17**	.10*	-.09	-.14**	-.07
Distributive Justice	.19**	.13*	-.11*	-.14**	-.06
Interactional Justice	.17**	.11*	-.12*	-.17**	-.03
Organizational Citizenship Behaviour	-.13*	-.06	-.00	.13*	.05
Affective Commitment	.10*	.01	.01	-.18**	.06
Intention to Leave	-.02	-.03	.05	.15**	-.00
Psychological Contract Breach	.18**	.07	-.13*	-.14**	-.00
** Correlation is significant at .01, * Correlation is significant at .05 (2-tailed)					

For all the negative relationships (all except OCB and intention to leave) there is evidence that the greater length of time an employee spends in their role at the organization the more negative they feel towards each of the variables in question. For example, they will feel lower affective commitment, more of an inclination to believe that events during the merger have been unfair and that the organization didn't keep the promises made at the beginning of the merger. For the two positive relationships (OCB and intention to leave) the indication is that the greater length of time the staff member has been employed in their current role they will be more likely to signify an intention to leave the merged organization and that, since the merger, they are less inclined to work beyond what is required.

While there were other relationships of significance between the demographic variables and the main study variables, the two that have been detailed demonstrate a consistent pattern of significant relationships.

Tests to identify relationships within dichotomous variables were conducted using the chi-square method of analysis and these are presented in Table 6.5. Once again, to avoid violating the assumption of meeting minimum expected scores for each category, Fisher's (1922) exact test was used.

In Table 6.5 it can be seen that a significant difference ($p < .05$) is detected for generic role relating to variables, procedural justice, distributive justice, interactional justice and psychological contract breach. During the survey, members of staff were asked to indicate their job role, which raised a varied response that produced some 208 different job titles. A meaningful delineation of staff was to identify them by generic role consisting of two categories, each designating employees as either healthcare staff providing a front line role (e.g. doctors, nursing staff, consultants) or support workers who did not provide front line healthcare. Examples of these roles include administrative workers, domestic assistants, secretaries, finance staff, estates workers, customer service staff, and similar employees providing support for the front line hospital processes.

Table 6.5

Chi-Square Tests for Dichotomous Variables and Dependent Variables

	Gender	Generic Role	Nationality
df	4	4	4
Procedural Justice	2.93	25.84**	8.44
Distributive Justice	3.20	15.42*	2.68
Interactional Justice	6.15	17.47*	9.42**
Organizational Citizenship Behaviour	4.71	9.41	5.60
Affective Commitment	5.18	6.80	12.58*
Intention to Leave	5.87	6.24	5.82
Psychological Contract Breach	0.73	12.31*	4.68
* Correlation is significant at .05, ** Correlation is significant at .01 (2-tailed)			

The mean scores of the variables under observation are reported in Table 6.6. It can therefore be concluded from the sample mean that support workers experienced a greater sense of distributive justice (χ^2 (4) = 15.42, $p < .05$), interactional justice (χ^2 (4) = 17.47, $p < .05$) and procedural justice (χ^2 (4) = 25.84, $p < .01$) in the merger process than healthcare professionals.

Table 6.6

Mean return by generic role and nationality for selected dependent variables

	Healthcare Professionals	Support Workers	Measurement Scale
Procedural Justice	3.77	4.41	1-7
Distributive Justice	3.24	3.66	1-5
Interactional Justice	3.95	4.66	1-7
Psychological Contract Breach	2.92	3.32	1-5

In Table 6.7, Pearson Product Moment correlations are presented, and it can be seen that once again the most significant correlations are between the three dimensions of organizational justice. A further observation from Table 6.7 is that all variables are significantly related to each other, but the most notable are between psychological contract breach and the four variables of, procedural justice ($p < .01$), distributive justice ($p < .01$), interactional justice ($p < .01$), and affective commitment ($p < .01$). Two other relationships of significance that are worth noting in particular are between affective commitment and interactional justice ($p < .01$), and affective commitment and intention to leave ($p < .01$).

Table 6.7

Pearson Product Moment Correlations for Dependent and Independent Variables

	Procedural Justice	Distributive Justice	Interactional Justice	Organizational Citizenship	Affective Commitment	Intention to Leave	Psychological Contract Breach
N	382	383	382	382	384	385	379
Procedural Justice	1.000						
Distributive Justice	.597**	1.000					
Interactional Justice	.872**	.669**	1.000				
Organizational Citizenship Behaviour	-.357**	-.319**	-.381**	1.000		.	
Affective Commitment	.505**	.502**	.570**	-.425**	1.000		
Intention to Leave	-.445**	-.446**	-.513**	.391**	-.590**	1.000	
Psychological Contract Breach	.601**	.612**	.677**	-.346**	.588**	-.497**	1.000

The strongest relationships are grouped around the variables of psychological contract breach, affective commitment, and the three dimensions of justice, which broadly supports the pattern of results revealed in Phase 3. Once again, of the three justice dimensions, the most significantly related to both psychological contract breach and affective commitment, is interactional justice.

Results from the regression analyses undertaken to test the seven hypotheses from Phase 4, are now presented.

6.6.3 Bivariate Correlation and Multiple Regression

The seven hypotheses tested in Phase 3 of the study are now re-tested in Phase 4 using the data collected from the NHS Trust.

H1: Where an individual felt there was inadequate justification of the communicated message they will have experienced a greater propensity towards a breach of their psychological contract with the organization.

Results for tests run on hypothesis 1 are presented in Tables 6.8 and 6.9. The model summary depicted in Table 6.8 reveals a significant contribution ($r = .63$, $p < .001$) towards psychological contract breach is made by the independent variable *justification*, which is represented by the two items, *you were offered adequate justification for the decisions* and *you were helped to understand the reasons for the decisions*. This means that 40.0% of the variance in the evaluation of whether there has been a breach in psychological contract was accounted for by the independent variable representing justification of the outcomes of decisions made. Adjusted R^2, representing the model if it were derived from the population rather than a sample, and therefore comparing its external validity, is .40, meaning it would account for only approximately 0.1% less variance in the outcome. This indicates cross-validity of this model is good. The standard error of the estimate (the standard deviation of all estimated sample means) is .73. The Durbin-Watson statistic presents a case of independence in relation to the variable residuals, and there is no evidence of correlation. The test score in this case is

2.03. Model parameters are stated in Table 6.9, and these reveal an unstandardised coefficients (*b* value) for *justification* of .60 ($p < .001$).

Table 6.8

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	$\varDelta R^2$	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.63	.40	.40	.73	249.04	.000	2.03

Predictor: (Constant), you were offered adequate justification for the decisions, you were helped to understand the reasons for the decisions.

Table 6.9

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	*t*	Sig.
	b	Std. Error	*β*		
Constant	2.98	.04		78.85	.000
Predictors	.60	.04	.63	15.78	.000

Predictor: (Constant), you were offered adequate justification for the decisions, you were helped to understand the reasons for the decisions.

The outcome of the regression analysis is that hypothesis 1, proposing inadequate justification of the communicated message will influence perception of psychological contract breach, was supported.

In Appendix B, tests of normality are depicted in Figure B1, a histogram of frequencies, and Figure B2, which shows a P-Plot of standardised residuals. It can be seen in Figure B1 that there is a slight negative skew of responses and the distribution is also slightly platykurtic, meaning that it is under-represented by scores in the tails of the distribution. Therefore a perfectly normal distribution of residuals cannot be reported, although it can also be seen that the linearity of response recorded in Figure B2 supports the

proposition that the deviance from normality is not considerable. Figure B3 depicts a graph of the standardised residuals, or errors, for the model, and the standardised predicted values for the model. The random and even dispersion of all points indicates that the assumption of homoscedasticity (the residuals at each level of the predictor variables have similar variances, or homogeneity of variance) has been met. Had hetroscedastisity been evident then variances in residuals would have been uneven at some or all of the points on the predictor, and the assumption of homoscedasticity would have been violated. This chart also provides further confirmation of linearity in the model.

H2: Where an individual feels aggrieved that they have not been offered genuine voice in the decision-making process, they will also have experienced a greater intensity of psychological contract breach.

Tests run for hypothesis 2 are presented in Tables 6.10 and 6.11. The three items entered into the model represent *process control* (voice), a dimension of procedural justice that recognises participation in the decision making process, and particularly in the case of this study, the contribution made by employees and permitted by authorities. The results depicted in the model show that there is a significant relationship between *process control* and the dependent variable psychological contract breach ($r = .56$, $p < .001$). The standard error of the estimate was .79, and the Durbin-Watson statistic was 2.08, suggesting that there are no independent errors, and that residuals are uncorrelated. The parameters for each model are presented in Table 6.11. The unstandardised beta coefficient for the predictor variable is .54 ($p < .001$).

Table 6.10

Model Summary Dependent Variable: Psychological Contract Breach

R	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.56	.32	.32	.78	169.76	.000	2.08

Predictors: (Constant), all the parties affected by the decisions were represented, opportunities were provided to appeal or challenge the decisions, requests for clarification and additional information were allowed.

Table 6.11

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	3.00	.04		73.23	.000
Predictors	.54	.04	.56	13.03	.000

Predictor: (Constant), all the parties affected by the decisions were represented, opportunities were provided to appeal or challenge the decisions, requests for clarification and additional information were allowed.

These results support the proposition that an increase in the level of process control, or voice, afforded to the employee, influenced their perception of whether promises made by the organization during merger implementation had been kept. Therefore, hypothesis 2 is accepted.

In Appendix B, tests of normality are presented in Figure B4, a histogram of frequencies, and Figure B5, a P-Plot of standardised residuals. It can be seen from the normality curve in Figure B4 that the distribution has a slight positive skew, but is otherwise normal. A close linear response is recorded and displayed in Figure B5, which tends to support the proposition that there is little deviance from normality. Figure B6 depicts a graph of the standardised residuals, or errors, for the model, and the standardised predicted values for the model. It appears from the random and even dispersion of all points that the assumption of homoscedasticity has been met. The chart also provides further support for the assumption of linearity in the model.

H3: If an individual feels they have received an unfair distribution of outcomes from the merger they will also perceive there has been a breach in their psychological contract with the organization.

Tables 6.12 and 6.13 display the results of regression tests run for hypothesis 3. Six predictor items made up the independent variable of *distributive justice* (unfair

distribution of outcomes), and these were being tested for their relationship with the dependent variable of psychological contract breach. From the results of the model in Table 6.12 it can be seen that distributive justice was highly correlated ($r = .62$, $p <$ .001) to psychological contract breach. Adjusted R^2, was .38, accounting for approximately 1.0% less variance in the outcome, indicating the model has good cross-validity. The standard error of the estimate is .75.

Table 6.12

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.62	.39	.38	.75	233.94	.000	2.14

Predictors: (Constant), considering the responsibilities that you have, taking into account the amount of education and training that you have, in view of the amount of experience that you have, for the amount of effort that you put forth, for the work that you have done well, for the stresses and strains of your job.

Table 6.13

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	β		
Constant	3.00	.04		77.86	.000
Predictors	.59	.04	.62	15.30	.000

Predictors: (Constant), considering the responsibilities that you have, taking into account the amount of education and training that you have, in view of the amount of experience that you have, for the amount of effort that you put forth, for the work that you have done well, for the stresses and strains of your job.

It can be concluded that the model makes a significant contribution to predicting the outcome variable. Hypothesis 3 proposes that an unfair distribution of outcomes will be related to perceived psychological contract breach, and this proposition can be

supported by results obtained. It appears from the Durbin-Watson score of 2.14 that there are no problems with independent errors arising from correlated residuals. The parameters for the model are displayed in Table 6.13, presenting the unstandardised beta coefficient for the predictor variable, which is .59 ($p < .001$),

In Appendix B, a histogram of frequencies is presented in Figure B7, which reveals a slight positive skew of the distribution curve. Figure B8 shows a P-Plot of standardised residuals which presents a very slight deviation, but a near uniform linear response, supporting the proposition that there is little deviance from normality. Linearity is further supported in Figure B9, which confirms an even dispersion of the standardised residuals for the model, and the standardised predicted values for the model, meaning that it appears the assumption of homoscedasticity has been met.

H4: Perceived psychological contract breach will be related to an individual's belief that they have not been dealt with in a truthful manner.

Hypothesis 4 consisted of only one predictor variable, and therefore it has been analysed using bivariate regression. The model summary is presented in Table 6.14, which shows a strong correlation between the predictor in the single model, *you were dealt with in a truthful manner*, and psychological contract breach ($r = .60$, $p < .001$). Adjusted R_2 is .36, which means if derived from the population it would account for only 1.0% less variance in the outcome, indicating good model cross-validity. The standard error of the estimate is .76. Finally, the Durbin-Watson test score of 2.11 indicates that there are no independent errors, and that residuals are uncorrelated. In Table 6.15 the parameters for the model are presented including the unstandardised beta coefficient for the predictor variable which is .33 ($p < .001$).

Table 6.14

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.60	.37	.36	.76	214.52	.000	2.11

Predictor: (Constant), you were dealt with in a truthful manner.

Table 6.15

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	*t*	Sig.
	b	Std. Error	*ß*		
Constant	1.63	.10		16.11	.000
Predictors	.33	.02	.60	14.65	.000

Predictor: (Constant), you were dealt with in a truthful manner.

The model summary supports the hypothesis that there is a strong positive relationship between the perception of truthful dealings and a breach of promises made by the organization. It can therefore also be concluded that the same relationship will predict that those who believe they have been treated dishonestly are more likely to feel a victim of psychological contract breach. On these grounds, Hypothesis 4 is supported.

In Appendix B, tests of normality are depicted in Figure B10, and this shows a slight positive skew for the frequency of the residuals, and a more platykurtic distribution, having too few scores in the tails of the distribution and also being quite flat. This however is not significant. Figure B11 presents a P-Plot of standardised residuals, which appears to support the case of there being little deviance from normality. Standardised residuals and standardised predicted values for the model are presented in Figure B12, showing a random and even dispersion of all points. From this it appears that the assumption of homoscedasticity has been met. The chart also provides further support for the assumption of linearity in the model.

H5: Perceived psychological contract breach will be related to an employee's perceived level of respect and dignity that they receive from the organization.

The predictor variable in Hypothesis 5 was represented by the item *you were treated with respect and dignity*. The model summary is presented in Table 6.16 and the predictor in the single model demonstrates a reasonably strong correlation with psychological contract breach ($r = .60$, $p < .001$). Adjusted R^2 is .36, which is only

approximately 0.2% variance, indicating good model cross-validity. The standard error of the estimate is .76. The Durbin-Watson test score of 2.06 indicates that there are no independent errors, and that residuals are uncorrelated. The model coefficients are presented in Table 6.17 revealing a *b* of .34 ($p < .001$), and a standard error of .02.

Table 6.16

Model Summary Dependent Variable: Psychological Contract Breach

r	R^2	$\varDelta R^2$	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.60	.36	.36	.76	208.71	.000	2.06

Predictor: (Constant), you were treated with respect and dignity.

Table 6.17

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	*t*	Sig.
	b	Std. Error	*B*		
Constant	1.50	.11		13.65	.000
Predictors	.34	.02	.60	14.45	.000

Predictor: (Constant), you were treated with respect and dignity.

The model summary supports the hypothesis that there is a significant relationship between a perception that the organization has not treated the employee with respect and dignity, and an increase in their belief that promises made during the merger had not been kept (increase in psychological contract breach). On this basis, Hypothesis 5 is supported.

In Appendix B, tests of normality are depicted in Figure B13, a histogram of standardised residual frequencies, and although slightly platykurtic, the curve reveals a normal distribution. This assumption is supported in Figure B14 which presents a P-Plot of standardised residuals depicting a linear relationship, and little deviance from normality. The assumption of normality is also supported when comparing standardised

residuals and standardised predicted values, presented in Figure B15. This demonstrates a random and even dispersion of all points, and further support for the assumption of linearity in the model. It would also appear that the assumption of homoscedasticity has been met.

H6: The more an individual perceives they have been treated unfairly during the merger process the lower will be their level of affective commitment to the organization.

Hypothesis 6 proposes that fairness will have a significant effect on the variance in affective commitment. Fairness is measured through the three dimensions of distributive justice, procedural justice and interactional justice, representing the independent variable of organizational justice. The results of the regression are presented in Tables 6.18 and 6.19. The model summary is depicted in Table 6.18 and this reveals that in the model organizational justice and affective commitment were highly correlated ($r = .59$, $p < .001$). This means that 35% of the variance in affective commitment can be accounted for by the variance in organizational justice, which is a considerable influence. Adjusted R_2 is only fractionally different at .34. Finally, the Durbin-Watson test score of 2.09 indicates that there are no independent errors, and that residuals are uncorrelated. The model parameters presented in Table 6.19 show that the unstandardised beta coefficient for the predictor variable was .74 ($p < .001$).

Table 6.18

Model Summary Dependent Variable: Affective Commitment

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.59	.35	.34	1.01	198.71	.000	2.09

Predictors: (Constant), distributive justice, procedural justice, interactional justice.

The conclusion drawn from the regression is that there is considerable support for hypothesis 6, which proposes that when an individual considers they have been treated unfairly then this will lower their affective commitment towards the organization.

Table 6.19

Coefficients Dependent Variable: Affective Commitment

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	4.11	.05		78.95	.000
Predictors	.74	.05	.59	14.10	.000

Predictor: (Constant), distributive justice, procedural justice, interactional justice.

In Appendix B, tests for normality of distribution are depicted in Figure B16, a histogram of frequencies, which displays a distribution curve with a slight positive skew, although, this feature is not substantial. In addition, it can be seen from the P-Plot in Figure B17 that there is little deviance from a linear distribution of the standardised residuals. It can be observed in Figure B18 that there is an unsystematic and even dispersion of randomised residuals and predicted values for the model, and from this it would appear the assumption of homoscedasticity has been met. The assumption of linearity is also further supported.

H7: Individuals who perceive they have been treated unfairly during the merger process will be more likely to signify an intention to leave the organization.

The model summary shown in Table 6.20 provides details of a significant relationship between the predictor variable of organizational justice, represented by its three dimensions, and the outcome variable intention to leave ($r = .52$, $p < .001$). Therefore the proposition that those who have experienced unfairness will be more likely to signify an intention to leave is supported and hypothesis 7 is accepted. Adjusted R^2 was .27, a difference of 0.2%. These adjusted amounts are small and indicate good model cross-validity. The Durbin-Watson test score of 2.05 is close to the ideal value of 2 and indicates that there are no independent errors and residuals are uncorrelated. Model parameters are presented in Table 6.21 depicting the negative relationship between organizational justice and intention to leave ($b = -.66$, $p < .001$).

Table 6.20

Model Summary Dependent Variable: Intention to Leave

r	R^2	ΔR^2	Std. Error of the Estimate	Change Statistics		Durbin-Watson
				F Change	Sig. F Change	
.52	.27	.27	1.09	140.42	.000	2.05

Predictors: (Constant), distributive justice, procedural justice, interactional justice

Table 6.21

Coefficients Dependent Variable: Psychological Contract Breach

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	b	Std. Error	β		
Constant	2.47	.06		44.28	.000
Predictors	-.66	.06	-.52	-11.85	.000

Predictors: (Constant), distributive justice, procedural justice, interactional justice

In Appendix B, tests of normality are depicted in Figure B19, a histogram of standardised residual frequencies. This presents a small positive skew, although the relative normality of distribution is supported in Figure B20, which shows a normal linear relationship. Further support for the assumption of normality is offered by the standardised residuals and standardised predicted values, presented in Figure B21, which demonstrates a random and even dispersion of all points, and further support for the assumption of linearity in the model. It is clear that assumptions of homoscedasticity have also been met.

6.6.4 The Effect of Current Location

In section 6.6.2 correlations were discussed and it was revealed that the demographic variable 'current location' was significantly correlated to six of the seven study variables, the only exception being the variable 'intention to leave.'

Current location indicates whether employees currently work at Sites 1, Sites 2, or, approximately, spend an equal amount of time at both sites (split-site). The delineation

between Sites 1 and Sites 2 relates to the two hospital trusts in their existence prior to the merger. Because it was identified as one of three independent groups, one-way ANOVA, a method commonly used in situations where more than two groups exist, was deemed a suitable method of comparing means. Using this method of analysis avoided the use of multiple t-tests, which would have endangered inflating the type 1 error rate.

The six dependent variables that were significantly correlated to current location consisted of the three dimensions of justice, plus, organizational citizenship behaviour, affective commitment and psychological contract breach. The mean values obtained from the results of the survey for each of the dependent variables, are presented by current location in Table 6.22.

Table 6.22

Mean return by current location for selected study variables

	Sites 1	Sites 2	Split-Sites	Measurement Scale
Distributive Justice	3.11	3.46	3.74	1-5
Procedural Justice	3.62	4.10	4.23	1-7
Interactional Justice	3.78	4.31	4.45	1-7
Organizational Citizenship Behaviour	3.53	3.27	2.48	1-7
Affective Commitment	3.99	4.16	4.45	1-7
Psychological Contract Breach	2.80	3.16	3.20	1-5

It can be seen from Table 6.22 that staff not permanently based at either Sites 1 or Sites 2, but indicated that they spent an equal amount of time at both, experienced a higher level of each of the dimensions of organizational justice. In addition, they also stressed a greater propensity to feel affective commitment towards the new organization and a greater belief that they had kept promises made during the merger implementation (lower levels of psychological contract breach). In addition, split-site employees stressed they were more likely to work beyond what is required (organizational citizenship behaviour). Each of these responses indicated a more positive experience for

the split-site employees group when compared to the Sites 1 only group of employees or the Sites 2 only group of employees. Conversely, the group of employees who consistently selected the most negative scoring pattern to each of the six study variables were those based solely at Sites 1.

Levene's test of equality of error variances is presented in Table 6.23, which tests the null hypothesis that the error variance of the dependent variable is equal across groups. A significant value indicates a violation of the assumption of homogeneity, and as can be seen from the results that for all six variables the values are non-significant (sig. > .05), therefore meeting the requirements of the test.

Table 6.23

Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Distributive Justice	2.465	2	378	.086
Procedural Justice	1.470	2	377	.231
Interactional Justice	.047	2	377	.954
Organizational Citizenship Behaviour	.303	2	377	.738
Affective Commitment	.783	2	379	.458
Psychological contract breach	.033	2	375	.968

Statistical significance for difference of mean scores between groups was tested, and the results from the ANOVA are presented in Table 6.24. Stated here are the results of the univariate between-subject tests run on the six study variables, and this reveals a significant difference in mean scores for all (sig. < .05) with the exception of affective commitment (ns). However, current location is defined by the three groups, Sites 1, Sites 2, and Split-Sites, and therefore to determine between which groups the significant differences exist, further tests needed to be conducted. For each variable, three *Contrast tests* were conducted consisting of sites 1 v sites 2, sites 1 v split site and sites 2 v split site. The significance of the difference between each mean score is calculated on the *t*

statistic, which is determined by dividing the contrast value (mean difference) by the standard error. Evidence of homogeneity of sample variance was provided (see Levene's Test in Table 6.23), and therefore statistics of assumed equal variance were used.

Table 6.24

Tests of between-subjects effects

Dependent Variable	Sum of Squares	*df*	Mean Square	F
Distributive Justice	16.651	2	8.326	7.469**
Procedural Justice	23.898	2	11.949	6.138**
Interactional Justice	28.628	2	14.314	6.045**
Organizational Citizenship Behaviour	29.819	2	14.909	3.652*
Affective Commitment	6.513	2	3.257	2.094
Psychological Contract Breach	12.790	2	6.395	7.219**
**Difference is significant at 0.01 *Difference is significant at 0.05				

The results of the contrast tests for all five variables testing significant in the main results are presented in Table 6.25. The results state the statistical significance of the difference between the null hypothesis that the difference in means will be zero, and the actual difference between groups for the dependent variable under observation. If distributive justice is used as an example, as stated in Table 6.25, Sites 1 returned a mean score of 3.11 and Sites 2 returned a mean score of 3.46, which is stated as a mean difference (value of contrast) of .35. If the mean difference is then divided by the standard error (.113) the *t* statistic is determined (3.123). Therefore, in comparison to employees from Sites 1, the higher level of distributive justice experienced was significant for employees from Sites 2, $t(378) = 3.12$, $p < .01$ (1-tailed), $r = .16$, and for employees from Split-Site, $t(378) = 3.06$, $p < .01$ (1-tailed), $r = .16$.

Table 6.25

Contrast Tests for Current Location

Dependent Variable	Sites	Value of Contrast	Std. Error	t
Distributive Justice	2 v split-site	.28	.205	1.355
	1 v split site	.63	.206	3.061**
	1 v 2	.35	.113	3.123**
Procedural Justice	2 v split-site	.12	.272	.459
	1 v split site	.61	.272	2.225*
	1 v 2	.48	.149	3.221**
Interactional Justice	2 v split-site	.14	.299	.476
	1 v split site	.67	.300	2.224*
	1 v 2	.53	.165	3.188**
Organizational Citizenship Behaviour	2 v split-site	-.78	.393	-1.992*
	1 v split site	-1.05	.395	-2.656**
	1 v 2	-.27	.216	-1.229
Psychological Contract Breach	2 v split-site	.04	.177	.236
	1 v split site	.40	.177	2.288*
	1 v 2	.36	.101	3.580**
**Difference is significant at 0.01 *Difference is significant at 0.05 (1-tailed)				

It will be noted that none of the differences in mean score between Sites 2 and split-site were statistically significant (*sig.* > .05) for any of the variables being tested with the exception of organizational citizenship behaviour. Here, in comparison to employees from Split Site, the higher level of negative OCB experienced was significant for employees from Sites 2, $t(377) = -1.99$, $p < .05$ (1-tailed), $r = -.16$, and for employees from Sites 1, $t(377) = 2.66$, $p < .01$ (1-tailed), $r = -.14$ For procedural justice, in comparison to employees from Sites 1, the higher level experienced was significant for employees from Split-Site, $t(377) = 2.23$, $p < .05$ (1-tailed), $r = .11$, and for employees from Sites 2, $t(377) = 3.22$, $p < .01$ (1-tailed), $r = .16$. A similar pattern was repeated for

interactional justice where in comparison to employees from Sites 1, the higher level experienced was significant for employees from Split-Site, $t(377) = 2.22$, $p < .05$ (1-tailed), $r = .11$, and for employees from Sites 2, $t(377) = 3.19$, $p < .01$ (1-tailed), $r = .16$. For psychological contract breach, in comparison to employees from Sites 1, the tendency towards believing that promises had been kept was significant for employees from Split-Site, $t(375) = 2.17$, $p < .05$ (1-tailed), $r = .11$, and for employees from Sites 2, $t(377) = 3.60$, $p < .01$ (1-tailed), $r = .18$.

In conclusion, employees based at Sites 1 have a tendency to have experienced lower levels of organizational justice, are less affectively committed to the merged organization, are less likely to work beyond what is required and are more likely to signify an intention to leave in the near future than employees based at Sites 2 or split-site. Using the mean return, employees working over split-sites provided the most positive answers to each of these four factors.

6.6.5 Phase 4 Open Question

Following the precedent of the previous two surveys, an open question was included at the end of the questionnaire. Again, this invited respondents to make any additional comments of interest relating to the merger. Overall, the response to the open questions was less hostile than some of the comments that had been received from employees at the business school, and a number of staff indicated that they felt little emotion towards the merger. One possible explanation is that such differences in emotion were affected by the contrast in time periods between the two mergers and the distribution of the survey. It should be remembered that the implementation of the business school merger had only occurred two years prior to the collection of data and the integration process was still very much incomplete. In contrast, from an operational perspective, the NHS Trust merger had been instigated nine years prior to data collection, and was therefore largely complete.

However, this being the case, there was still a considerable amount of emotional response from a significant number of employees working across the Trust, and two themes predominated. First, although there was evidence that task and process integration had been complete for some time, it was clear that there were still cultural

issues occurring and a resistance indicated by some towards integration with employees from the other pre-merger location. This was suggested in remarks that quite obviously indicated organizational identity was still ambiguous for some employees who, even now, delineated between the two previous organizations and had retained their previous commitments and loyalties. These feelings were underlined with comments such as "I still feel there are big differences in practices on both sites, and generally staff remain loyal to [sites 1] and [sites 2]" (S2[1]-PT 167) and, "Still feels like a strong divide between [sites 1] and [sites 2]. Feels like lots of services lost to [sites 1]. Don't feel family/team identity anymore" (S2-PT 221). Suggestions that this impacted trust came from one employee who stated "Two different cultures played a big part in the difficulties post-merger. This has created suspicion and animosity" (SS[2]-PT 242). Many more comments talked about an atmosphere of "them and us" culture that had impeded integration and left members of staff isolated within their own local working community. A result of this was that they had never stretched their identification outside of these boundaries. However, examples were also provided where these cultural barriers to integration had been partly addressed by the Trust in early efforts to bring individuals together from the two organizations. One employee explained, "Met our opposite numbers [from Sites 2] pre-merger, which was helpful" (S1[3]-PT297) and another commented, "It was good to be part of a team that met prior to merging to discuss anticipated problems, and put into place any resolutions beforehand. Merging of "practice" on ward helped lots as everybody was doing things the same way at time of merger" (S1-PT230). Also, a suggestion made by a split-site employee that barriers to identity may have been broken down for those located across the Trust who advised, "Now everything has settled and we now have cross-site working with staff, there is still a slight 'them and us,' but not to what it was, and it's reasonably a happy place to work in" (SS-PT 78). This perspective that working equally across the sites has been beneficial towards harmonising relationships with the organization was also borne out in the earlier survey questions from Phase 4. It may be recalled that split-site workers expressed a more positive experience towards organizational justice, affective commitment, and OCB, and less of an inclination to leaving the organization in the short-term.

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[1] S2 = Sites 2
[2] SS = Split Sites
[3] S1 = Sites 1

Communication was a second theme that emerged from the open question. Again, this also supported results obtained from earlier questions in the survey emphasising the relationship between interactional justice and psychological contract breach. Emotions were revealed, and a sense of anger was displayed by one employee who protested, "The merger was fought for several years with 2 lots of public consultation, which we were left feeling was a paper exercise, that the decisions had been made regardless of public outcry, and professional opinions" (S1-PT 216). This was added to by a sense of anguish by one member of staff who commented "Everything was quite distressing in the department at one time as we were losing members, not being informed as to what was going to happen/happening" (SS-PT 78). There were other remarks in support of this feeling that came from employees across the Trust, highlighting the poor level of consultation with members of staff or inadequate use of social accounts by management to justify and explain their actions and likely consequences.

6.7 Summary

The objectives of Phase 4 were to determine the significance of the main relationships established during Phase 2 and provide supporting evidence, where appropriate, for the results obtained from Phase 3. An account of the study methods used in Phase 4 was provided. Due to the size of study population a sample was taken and a stratified random sampling technique was used. Details of the research population, sample and sampling strategy were provided. The procedures, variables and measures used in Phase 4 were a replication of those used in Phase 3 with any necessary adaptations to ensure representation of demographic variables. Seven hypotheses were tested, the first five of these investigating the relationships between dimensions of distributive justice, procedural justice, interactional justice and psychological contract breach. All seven hypotheses were supported. Results obtained from Phase 4 demonstrated that of the three justice dimensions interactional justice has the strongest relationship with psychological contract breach, providing support for the findings from Phase 3. The final two hypotheses investigated the relationship identified between perceptions of organizational justice and the two attitudes of affective commitment and intention to leave. Again, there is evidence that interactional justice has the strongest correlation with both variables, supporting its prominence in Phase 3. Further tests were conducted

using one-way ANOVA to examine the relationship identified between organizational justice and the demographic variable current location.

The results from this chapter are now evaluated and discussed in chapter 7.

CHAPTER 7

Discussion

7.1 Introduction

This study set out to begin answering a call for research into broadening understanding of fairness and its role in the merger and acquisition process. In so doing, three objectives were identified as setting important foundations from which to develop an understanding of the dynamics involved in this relationship, and also enabling the prospect of future research to build and evolve knowledge within these contexts. Following a framework recommended by Rudestam and Newton (2007), in this chapter the findings for each of those objectives are discussed in the light of existing and related research studies. The discussion then moves on to consider the results from this study and their implications for current theory. First there is an overview of the findings of the study.

7.2 Overview of Findings

The overview of findings is presented in relation to each of the three research objectives, but first it is appropriate to briefly set out and illustrate the main findings to emerge from the study.

1) In particular, there were three aspects of the business school merger that were influential in developing employee opinion, and how this was interpreted became dependent upon from which pre-merger organization the employees originated. This shaping of opinion was responsible for a great deal of the divisive atmosphere upon which employee perceptions of fairness were based. The three aspects were as follows:

i) The relative power and status of the organizations.

ii) The strength of cultural cohesiveness and organizational identity.

iii) An incompatible implementation strategy (i.e. hard/controlling for processes, soft/avoiding for human integration).

2) Interactional justice was the dominant form of experienced injustice which can be mainly attributed to issues of trust and communication between employees and authorities. This can be related to a breakdown in the social exchange and a perceived reneging of the relational aspect of the psychological contract. Therefore, from the findings of this research it would appear that during a merger the exchange of interpersonal relationships between employee and authorities is the main cause of perceived injustice.

3) From evidence in this study, during a merger it is common for feelings of injustice to develop simultaneously with a perception of psychological contract breach. It is likely that the exceptional circumstances created by a merger, where it is perceived that a new contract is formed along with the development of the new organization, is responsible for the prominence of this relationship and its strong correlation.

These important findings have been identified in this study and are considered more specifically throughout the remainder of the discussion.

7.2.1 The Importance of Organizational Justice

A crucial element of the study was to determine whether organizational justice is a significant factor in the evaluation of change experienced from a merger or acquisition, and therefore substantiate the need for research into this phenomenon. Evidence of support for both hypotheses demonstrate that indeed organizational justice is of great consequence to employees within this context and more important than either identity or culture in influencing their perceptions of such change.

There have been several calls to investigate the influence of organizational justice within the framework of a merger or acquisition and, in the first instance, this research set out to justify such a study by comparing its importance with culture and identity. It is proposed that as one of the key factors affecting and influencing successful post-merger identification, perceived fair treatment of the individual is an important dimension of the merger process, and one that has the potential to influence and determine employee attitudes and behaviours. However, as discussed, the dynamics of organizational justice within this context are relatively unknown, and therefore evidence

that fairness is perceived as not only important, but comprehensively more important than in each case of identity and culture, was a major finding. The most significant difference was between the importance of organizational justice and the importance of identity, which was measured over two dimensions, team identity and organizational identity. In contrast to team identity, there was a lower value placed on organizational identity, which, although was noticeable at both campuses, was particularly pronounced for staff at the university. This outcome is not a surprise because, generally, staff at both campuses had indicated a strong attachment to the values of each previous organization and subsequently there was a reluctance to accept the identity of the new organization values. There were also signs from the conversations conducted with employees from the pre-merger business school that they were less likely to identify with their employing organization than staff from the pre-merger management college. There was evidence that rather than organizational commitment, occupational commitment was more prevalent amongst those at the pre-merger business school. This can also be demonstrated from the results of the second survey, which investigated an individual's actual experiences of the merger. Staff at the university indicated a lower level of affective commitment to the new organization than those originating from the management college.

A further noticeable difference is when analysing by age group. The youngest group, 24-35 years old, awarded the lowest levels of importance across all the main variables in the survey. It is not clear why this is the case, but it could be for a number of reasons. For example, there were indications that this group may have had greater expectations of benefits from the merger, such as more opportunity of career advancement, more choice through diversity of departments and roles, and an increased opportunity to locate networks, leading to a more positive outlook and affective state. During the interview phase this became apparent. Comments from members of this age group such as "[the merger] does open up opportunities....being able to liaise with a wider pool of colleagues" (MC-PT 3) and "there's more opportunity of advancing in the same organization as there was previously" (MC-PT 2) were a theme materialising mainly from this age group.

Even though there was support for the perceived importance of all variables tested in the survey for each of the pre-merger organizations it was notable that employees from the

pre-merger management college placed a greater importance on each of the variables than their counterparts from the pre-merger business school. This may have been related to a more general negative outlook of the merger by pre-merger management college employees, and there was support for this during the emotive conversations held with those members of staff during the Phase 2 interviews. Even so, the narrow representation of values is indicative of a consistent approach to the concept of justice among the respondents and provides adequate justification to investigate an important dimension of the evaluative process. Given its evident significance, it is perhaps perplexing why fairness has not been investigated to a greater extent within the framework of a merger following Meyer's (2001) identification of such shortcomings.

7.2.2 The Antecedents of Organizational Justice

Providing evidence that organizational justice is an important phenomenon within a merger situation offered adequate justification to progress the study and define antecedents, an important development if subsequent relationships and their consequences were to be uncovered. Much discussion has developed around the antecedents of organizational justice (see Cohen-Charash and Spector, 2001; Lind et al., 1998; Tyler and Blader, 2003; van Prooijen et al., 2004) and the framework of Level 1 themes (see Table 5.10, section 5.4.4.1) that was developed from this *a priori* research was much in evidence from the conversations conducted with staff. However, the *a priori* framework was developed from different strands of justice research and, as a consequence, was fragmented, whereas the final framework developed from conversations conducted within the business school was highly interrelated and joined by a common thread. All three dimensions of justice, interactional, distributive and procedural, were affected by a perception of broken promises that went to the heart of the psychological contract between organization and employee.

The final framework of themes to emerge from the Phase 2 interviews can be viewed in its entirety in Appendix I, and this demonstrates that at the broadest level there were five higher order themes, *expectations, control, social exchange relationships, trust,* and *values,* that encapsulated all other sub-level themes. Each of these themes and their sub-themes are discussed in detail in relation to existing research (see section 7.3), but first a

brief overview is provided to offer a definition and explain their significance in the research.

- **Expectations** – In this context, employee expectations are defined as either *a priori* or *future*. The difference in affect upon fairness judgements in *a priori* expectations were largely developed through the individual's personal experiences and comparisons to other situations or events (*referent others*) acted as a foundation from which they developed their reasoning for their evaluation of the current situation. For example, there were a number of occasions where employees based their evaluation of decision outcomes from the merger on past behaviour of the leadership and events that occurred as a direct consequence of their capacity as a decision maker. *Future* expectations were largely developed on whether, on a personal basis, the individual perceived the changes to develop from the merger as an opportunity or a threat. Opportunities included personal development and career advancement in an organization with a much broader base in higher education, and the promise of a move to much more open and transparent policies and procedures, encouraging an environment of trust.

- **Control** – As a consequence of the merger many employees indicated a level of anxiety due to changes to organizational policies and practices and insecurity about future uncertainties. This affected their *locus of control* leading to further uncertainty and insecurity, which may have been partly mitigated had there been an effective mechanism of *process control* (voice) embedded in the merger implementation plan. According to the conversations in Phase 2, one of the main instigators of perceived unfairness was the lack of employee involvement in the decision-making process, which supported their *a priori* expectations that there would be little clarity and openness in the development of policy and procedure. An ineffective mechanism of process control was deemed as disingenuous and, again, confirmed *a priori* expectations of little trust in the leadership.

- **Social exchange relationships** – Effective communication was one of the most divisive issues in the business school merger. The problems of inadequate justification and an ineffective mechanism for process control are each bound within the subsequent breakdown in the social exchange relationship between the leadership of the new business school and its employees. The outcome for the employees was further uncertainty because an incomplete understanding of

the decision-making process resulted in ambiguity. In a search to make sense of this knowledge gap, employees used their own social cues, largely through their own social exchange relationships (*grapevine interaction*), the result of which was a potentially less rational and more subjective position from which to base their judgements.

- **Trust –** For the new business school employees, trust could broadly be defined as consisting of two categories, delineated by individuals of the two pre-merger organizations. Because leadership of the pre-merger management college also had responsibility for implementing the merger, a *distrust* of leadership that emanated from *a priori* expectations was a domain of employees from the pre-merger management school who disbelieved their intentions and also their abilities to make rational decisions. For employees from the pre-merger business school, trust in leadership was generally *relational* and became an issue of either unfamiliarity because of the new relationship, or because of the change in leadership style from a close democratic system to an authoritative and distant relationship that appeared to increase their uncertainties.

- **Values –** The alignment of personal and organizational values meant an experience of culture congruence and shared identity for the employees of both pre-merger organizations. A perceived attack on this relationship of shared values was a substantive issue for employees from both pre-existing organizations with a diminution of social and organizational interaction, and a change to publishing strategy. Both these issues had been divisive to the extreme, and had brought a number of employees to claim they were considering leaving the new organization.

7.2.3 The Significance of Antecedent Relationships

The survey distributed in phases 3 and 4 of the research to both business school and NHS Trust staff offered the opportunity to develop new insights into the study, but also it provided support for the findings from Phase 2 in a triangulation of data. Although all relationships in both surveys have highly significant correlations, those with the most significant correlations are between the three dimensions of justice.

When a deeper analysis of the results was conducted then it became evident that at the NHS Trust, the dimension of organizational justice most highly correlated with each of the four outcome variables, psychological contract breach, organizational commitment, OCB and intention to leave, was interactional justice. At the business school both procedural justice and interactional were equally important to the behaviour of intention to leave, and procedural justice was most important to OCB. In relation to the variable psychological contract breach interactional justice was again the most highly correlated of the three justice dimensions, and was approximately equal in significance with procedural justice to the attitude affective commitment. It should be recalled that the dynamics of interactional justice include communication, justification, respect, and trust and these were amongst the most prominent outcomes from the Phase 2 discussions.

7.2.3.1 Relationships with Psychological Contract Breach

Commonalities emerged from the interviews conducted in Phase 2 that were crucial to the outcomes of this study. Five aspects of organizational justice were recognised as having a major influence on employees' opinions of the merger process, and each was identified for its relationship with the individual's perception of psychological contract breach. These propositions were formulated to provide hypotheses 1 to 5. It may be recalled that the independent variables in each case were: i) *justification of the communicated message*, ii) *voice* (process control), iii) *distribution of outcomes*, iv) *honest treatment* and v) *respectful and dignified treatment*. The propositions each stated that employees' experience of these five organizational justice variables would be significantly related to their experience of psychological contract breach as an outcome of the merger.

7.2.3.2 Justice and its relationship with commitment and intention to leave

Two employee outcomes discussed during the interview phase, and of particular consequence, were affective commitment and intention to leave. Organizational commitment, one of the most important attitudes in the work place, has been identified in the reciprocal exchange relationship with perceived organizational fairness (see Cobb et al., 1991; Lind and Tyler, 1988). Lower commitment from inequities in procedural justice (e.g. Folger and Cropanzano, 1998), and distributive justice (e.g. Sweeney and

McFarlin, 1993) have been reported as important relationships with an impact on employee behaviours such as intentions to leave the organization (Liao and Rupp, 2005; Shapiro and Kirkman, 1999). The results obtained from hypotheses 6 and 7 demonstrate support for these findings, although there was a different interpretation between those from the business school and those from the NHS Trust with regard to affective commitment.

7.2.3.3 Justice and its relationship with gender, current location and generic role

Whereas the tests conducted in Phase 1, which focused on the factor of importance, reveal little evidence of a relationship between gender and the dependent variables, when looking at respondents' actual experience of the merger there are a number of significant relationships. In the case of the business school, females were significantly more negative in their perception of procedural justice. Considering the reasons for this, there was no evidence of any unfavourable outcomes relating specifically to female employees, but because, across the genders, there was greater emphasis on both procedural and interactional justice, it may well be here that the answer lies. During the interview phase there was an impression that the lack of involvement employees were afforded in the decision-making process tended to be more of an emotive issue for female staff than for their male counterparts. These were issues particular to the business school, and because there was no further support from the NHS Trust of a relationship between gender and the outcome variables there would be a need for further investigations to determine whether these findings are externally valid.

Within the NHS Trust, current location and generic role were significantly related to all three dimensions of justice. A trend was set that Sites 1 experienced the least amount of organizational justice for each of the dimensions, and split-site employees experienced the greatest amount. The two issues that emerged from responses to the open question, and seemingly the cause of most anxiety, were the perception of both pre-merger organization employees that the other organization received the most favourable outcomes during the merger, and, secondly, resistance from taking on the identity of the new organization. For split-site employees who regularly work alongside colleagues across the merged organization, it is more likely that barriers to the values of culture and

identity have been broken down and transferred from an allegiance to their pre-merger state. It is also therefore a possibility that those employees are less likely to be still entrenched in a 'them and us' attitude towards the favourability of merger outcomes.

The significant relationship for generic role revealed that healthcare professionals experienced lower levels of all three justice dimensions in relation to support staff. It is not known why this is the case but, in addition, lower levels of affective commitment, higher levels of perceived psychological contract breach and a greater propensity to signify an intention to leave the organization in the short-term reveal a consistently greater dissatisfaction with the outcomes of healthcare professionals compared to support staff. A suggestion why this may be the case is that healthcare professionals have worked longer within their current roles and, in general, their length of tenure is also greater than support staff. There was a positive correlation between negativity of results and an increase in both time in current role and length of tenure.

7.3 A Comparison of the Findings to Existing Research

The discussion will now focus on the implications of findings from the study and consider these in light of contemporary research, identifying support for frameworks where appropriate.

7.3.1 The Importance of Identity, Organizational Culture and Organizational Justice

Evidence in current research supports the proposition that threats to identity and culture influence attitudes, such as commitment and self-esteem (Bartels et al., 2006; van Dick et al., 2006), as transitions from a past state to a future state are being interpreted by employees besetting potential divisions between staff from the merging organizations (Cartwright and Cooper, 1996). The positive results from the survey in Phase 1 are indicative of the significance attributed within a merger to the two variables identity and culture, and are supportive of previous research (see for example, Hubbard, 2001; Lipponen et al., 2004; van Knippenberg et al., 2002). Past research has also identified a close relationship between commitment and identity (Meyer and Allen, 1997; Mowday,

Steers and Porter, 1979) and results from the Phase 2 interviews would suggest a consistency with this. However, within a merger context identity and culture have not previously been identified for their influential relationships with the dimensions of organizational justice. A major contribution of this study is the clear evidence of a dynamic relationship between these variables that can impact the employee evaluation process and has potential to affect their attitudes and behaviours.

There was a considerable amount of emotion attached to certain aspects of the culture and identity that had been seriously affected by the harmonisation of terms and conditions between the two merging organizations, and in particular at the management college. This raises the effect of common fate and access to rewards for the high status organization within a merger and a perception among those staff that where the same decision rules or the rule of equality has been applied during decision-making, there is a perceived threat upon their identity status (Brewer, 2000; Hornsey et al., 2003). The dominant merger partner in terms of organization size was undoubtedly the university, and on this measurement the subordinate group were the management college. Employees from the subordinate merger partner have been recognised as being more likely to consider the merger as more threatening because in such situations they are less likely to hold the balance of power (Gleibs et al., 2008). However, although it may be recognised that the pre-merger management college became the subordinate merger partner in terms of size, there was the distinct impression from interviews conducted in Phase 2 that staff at the management college believed they were from the higher status group, borne, at least in part, from their perceived heritage as an elite business college. This was exemplified in some of the staff comments who proposed that the merger had resulted in a diminution of the management college brand and this was visually presented in the new business school logo which now also included the University's name. In a merger or acquisition members of the high status group will be motivated to maintain their identity (Amiot et al., 2007), which may also account for the higher level of importance indicated towards identity for this group. Again, this alludes to the relationship between identity and fairness in a merger context.

It is, therefore, clear that both identity and organizational culture were fundamental to employees from the pre-merger management college in their perceptions of fairness. It is also evident, given the fundamentality of both culture and identity, that the results

obtained from Phase 1 provide substantial evidence of how important organizational justice is to the employee in their evaluation of events during a merger or acquisition.

7.3.2 Strategy and Objectives

The business school merger was motivated by two very different sets of objectives and this was evident in both the change processes being implemented in each organization and the actual change being experienced at each institution. In the first instance, and by way of example, two similar yet contrasting frameworks can be considered. The management college had few motives to integrate outside of the need to seek financial assistance and provide financial security for its continuation. The process of adjustment in which it was engaged can be compared to Lewin's (1958) model of episodic change (see chapter 2, p.38) because a period of ongoing change was not present and there was little desire to transform the organization from its current level of provision. One of the reasons why the management college had needed to seek financial security had arisen because its brand had become "dusty" in the words of one member of senior management. Lewin's episodic change model is driven by inertia, representing circumstance where there is a need to create change, and is exemplified by an under-performing target in a proposed merger or acquisition transaction. The point being that the change in this situation is reactive as opposed to proactive. Conversely, the university business school was seeking to fulfil a different set of objectives which had been ongoing prior to the merger and was more analogous to Weick and Quinn's (1999) model of continuous change (see chapter 2, pp.38-39). This model of change is more proactive, which resembles the transformation being undertaken at the university business school. The integration in which it was embarking was a convenient opportunity to assist with implementing these changes, which included transforming both its image and status amongst its key stakeholders. Two motives identified by Johnson and Scholes (2002), discussed in chapter 2, exemplify the purpose of their merger with the management college. Primarily, it provided a simpler solution to their quest in transforming their status and image to become a mainstream provider and considered as 'near market' by rebranding their business school to align with a management college with a much respected reputation that was internationally renowned. Johnson and Scholes assert that a merger offers the speed that allows the company to enter new product or market areas, and in so doing allows the organization

to adapt to a dynamic external environment. The changing nature of the modern business school and its need to reach out to its key stakeholders necessitates the requirement to adapt and change to a more mainstream and 'near market' environment. Hitt and Pisano (2004) discuss how this form of integration can revitalise an acquiring firm and therefore help in promoting their long-term survival. Secondly, and in support of the first motive, it provided opportunity to 'acquire' the expertise of those individuals at the management college who had developed a network of close contacts within corporate industry. In turn, this development could help deliver their aspired transformation to become a mainstream business school through those networks in which the management college had become accustomed.

These objectives were confirmed during the interviews held in Phase 2 of the research when it became noticeable that they resembled the dynamics of an acquisition rather than a merger. This became a significant factor in shaping employees' perceptions of fairness at the management college, particularly in relation to identity, status and values.

7.3.3 The Antecedent Relationships of Organizational Justice

The most influential drivers of organizational justice identified during the Phase 2 interviews are considered in relation to existing theory.

7.3.3.1 Values

The importance of culture and identity was supported in Phase 1 and these two factors both became a central theme of the Phase 2 interviews identified as a principal part of the employee and organizational value systems. Changes motivated by the merger that were to have a disrupting effect on social interaction and relationships at the pre-merger management college challenged employee and organizational values that went to the very heart of the social structure and ethos of the campus. The rituals of free lunches and coffee lounge drinks with both colleagues and clients formed part of the shared purpose and values that were described during the Phase 2 interviews as the social glue of the organization. Interviewee's also described these experiences as being unique and making them feel part of a very special 'family.' The removal of these benefits through harmonisation of terms and conditions was perceived by those employees as the

destruction of the shared value system that formed part of the social and organizational identities, so important to the organization's culture. The anxiety that this caused had led to an emotionally charged atmosphere among some members of staff, and a seemingly just process using the rule of equality to harmonise terms and conditions was perceived as totally unjust by those individuals. This draws upon Mayer et al.'s (2009) assertion that when an individual's personal or social identity is violated by a decision outcome, then objectively fair procedures used in determining that decision will have a weaker influence on justice perceptions. It also seems to support the value protection model proposed by Skitka (2002), which professes that an attack on an individual's personal values cannot be overcome by fair procedures or allocations.

A confrontation of *values* was also evident at the pre-merger business school where a change in the publishing culture caused anxiety among many of the academic staff. For some individuals there were indications that the change in strategy was a step too far, because goals that they valued were now in conflict with those of the new organization. It is evident that this incongruence between the goals and values of the employee and those of the organization had increased levels of uncertainty and anxiety over the future direction of the publishing strategy. Both of these examples engendered high emotions amongst employees across the new business school and, as discussed, seemed to go to the heart of the struggle for control between authorities and their staff. Skitka talks about the attachment to *moral mandates* having a possible effect of undermining group stability and threatening institutional control when individuals feel that their sense of personal identity is under threat. Distinct similarities can be drawn to the compromise of publishing strategy and the damage to social structure, of which both events were perceived to challenge employee rights from which personal, social and organizational identities formed a common cultural bond of values. Emotions to emerge from these events further eroded trust in authorities and, consequentially, were recognised as unfair distributions to result from the merger process.

Further support for Skitka's (2002) value protection model materialised during interview discussions with employees from the pre-merger management college and relates to their attachment to brand identity. Although amongst these members of staff emotion ran high about the causes of the merger, considering their situation they were generally in favour of forming part of the new business school and securing their future.

Even so, their brand name was to be transferred to the new business school and some staff appeared reluctant to share their brand identity with the pre-merger business school. As discussed previously, employees of the pre-merger management college considered their organizational identity to be more important than their colleagues from the pre-merger business school and it was recognised that this could be related to the impression presented by those from the college that they belonged to the higher-order status group. Those employees who displayed this trait were also those who most wanted to protect their values and identity and seemed reluctant to share them with the new organization. Skitka discussed moral mandates that are selective expressions of values central to people's sense of personal identity and that the strength of these predicted perceived procedural justice and perceived distributive justice. Again, support for this assertion can be provided from the conversations held during Phase 2 when staff discussed the unfairness of sharing what they perceived to be their brand. Although much of the emotion stressed by employees over a brand with which they had shared their personal identity was because the circumstances in which they perceived their merger to be enforced had left them with the impression that this was more akin to a demise of the brand.

In further consideration of the relationship between organizational identity and association with the brand, it is evident that the basis of perceived fairness was rooted in the values of identity shared by employees at the pre-merger management college. It would also appear for those employees finding difficulty sharing their brand that this has been more influential than fair procedures in the determination of distributive justice. Organizational identity is encouraged by the individual's desire to fulfill social needs and the social group individuals belong to form a significant part of their own self-concept (Tajfel and Turner, 1986). There is evidence that a group's influence over an individual's attitudes and behaviours is promoted by their identification with that group (Hogg and Abrams, 1988) and it would appear that in this case group values have had a significant influence amongst employees at the management college. For these employees it became a barrier to change at a time when, as it is acknowledged, employees need to dis-identify with the previous organization (Chreim, 2002) and accept the new practices and processes.

At this point it is appropriate to return to the integration management framework provided by Birkinshaw et al. (2000) and reported in chapter 2. In this framework it is discussed that during the merger of organizations there should be an equal consideration of both hard and soft issues delineating the process of task integration and human integration. For merger or acquisition success to be achieved the post-acquisition integration strategy must take account that both dimensions need to be realised and a situation where one is achieved at the expense of the other could impede this objective. Because employees had been left *in situ* at campuses 12 miles apart, unless there was a concerted effort to integrate the two sets of employees they would remain largely detached. There were isolated examples of where individuals had been involved with cross-site working and their attitude towards the success of the new venture seemed to be much more positive. Indeed, this proposition was also supported in the findings from the Phase 4 survey conducted in the NHS Trust where employees who worked across sites appeared to avoid the issues with identity and culture that had so troubled some of their colleagues.

Each of these three events, brand identity, social interaction and publishing strategy, were perceived as an attack on the shared values between the employee and their pre-merger organization. The journey to transfer identity from the pre-existence to the new organization was contingent upon an acceptance of the changing nature in values and subsequently overcoming a potential identity crisis. There was evidence that this situation could have been at least partly mitigated if the quality of communication offered by the leadership had been more effective. It was proposed that a clear justification for these changes had not been provided and subsequently this promoted a sense of unjust behavior that challenged the rights of the employee. These clear indications provided during the Phase 2 interviews were supported within the Phase 3 and Phase 4 surveys by the establishment of a significant relationship between justification of the communicated message and psychological contract breach.

Employee involvement in the process is now considered in light of existing research.

7.3.3.2 Control

For employees of the pre-merger business school, *control* had become manifest in their expectation to manage their own publishing strategy and relating this to their own career preferences. Procedures become more important to the recipient of a decision outcome when they experience uncertainty, and increasingly so when this uncertainty is a consequence of radical change (van den Bos, 2001). Fair procedures are important to the fostering of positive social procedures within groups, and also increase an individual's perception of leader legitimacy, leading to an increasing prospect of their accepting of organizational change (Lind and Tyler, 1988; Tyler and de Cremer, 2005). It is clear from the conversations that the perceived injustice experienced at the pre-merger business school can be partly attributed to two related, but distinct, forms of control. The change to publishing strategy had been imposed on the academic staff, and it appeared from conversations that there had been no consultation, and therefore little, if any, employee involvement (process control), in the process. The uncertainty and insecurity expressed by certain members of academic staff at the pre-merger business school was a direct consequence of this loss of control and was being articulated as sequestering of their basic rights as an academic. It appeared to the individual that, without consultation, the senior management was being authoritarian in their approach to a change in terms and conditions, and this denial of process control had impacted the individual's locus of control. As a consequence this had led to uncertainty and insecurity leading to a frustration with management that was being expressed, in extreme, with an intention to leave the organization. Support for these propositions was provided in the phase 3 and 4 surveys where evidence of a significant relationship between employees' experiences of process control and identification of a breach in their psychological contract was provided. Thibaut and Walker (1975) discussed the relationship between participation in the decision-making process and its ability to alleviate uncertainty for those individuals, and it is professed that one of the three main causes of employee uncertainty is the lack of information about a cause and effect relationship (Schweiger and DeNisis, 1991). It is therefore clear from the research conversations that for control to be achieved, knowledge is an essential element in the elimination of uncertainty and as a further implication of the study this should be taken into account in future research.

In addition to the dispersion of knowledge and alleviation of uncertainty, involvement also transmits a message of respect from the management to the employee that they are valued enough to be kept informed and that their knowledge, skills and abilities are recognised as adding value to the process. The Phase 2 interviews provided positive examples of this proposition where individuals had been asked to participate as well as negative examples ranging to the extreme of anger and emotion at being treated disrespectfully with no contact or involvement for the employee. Even if the individual does not ultimately influence the final decision being allowed, participation has value in itself because it demonstrates a willingness of authorities to consider the recipient's views and show politeness and respect (Tyler and Blader, 2003). This is demonstrated within the current research. An emphasis on treating employees with dignity and respect should be taken for granted, but in the time of radical change where judgements of fair treatment by authorities are important this becomes of increasing relevance. When individuals feel they are treated with respect their sense of self-worth is strengthened and their attachment to the group is reaffirmed (Huo, Smith, Tyler and Lind, 1996). This relational model of justice is particularly important when an individual identifies strongly with a group and that group is represented by the authority because the authority's actions towards them carry information about their value and position within that group (Tyler and Lind, 1992). Therefore, the notion that the leadership had demonstrated a complete disregard towards their respect and dignity was of particular anguish to staff from the pre-merger management college who had demonstrated in Phase 1 a deep-seated attachment to organizational identity. This behaviour led to a great deal of resentment towards the management. In the survey conducted during phases 3 and 4, there was a strong correlation between the variable respect and dignity, a dimension of interactional justice, and psychological contract breach. This assertion demonstrated that in both cases of field research the act of disrespectful behaviour portrayed by management was experienced by staff, and where this was the case it was deemed to affect their perceptions of a psychological contract breach by the organization.

Evidence suggests that process control offers the employee a form of empowerment, increasing their feelings of control at a time of uncertainty. Such influence has also been found to increase their levels of participation in a change process (Jha and Nair, 2008), and strengthen the individual's self-efficacy belief (Conger and Kanungo, 1988). These

behavioural and attitudinal effects appeared particularly pertinent at the pre-merger management school, where cases of extremely low morale appeared to be connected to a feeling of low levels of mutual respect with the leadership. In line with the dynamics of interactional justice, this indicates the level of respect they command within the group and promotes pride in group membership, further developing the relationship between identity and perceived fairness and influencing organizational identification with the newly merged group (Amiot et al., 2006).

7.3.3.3 Expectations

It became apparent during the interviews with employees from the pre-merger management college that their experiences of what they perceived to be an authoritarian leadership pre-dated the merger. This then led those employees into preconceptions about the expected behaviour of their leadership during and after the merger, which, in addition to other expectations, appeared to influence their attitude of trust. Conversely, employees from the pre-merger business school had been used to a very democratic leadership style that had encouraged inclusivity and therefore they were less likely to experience similar preconceptions. The struggle for an element of control in the workplace between the employee and authorities was an expectation for staff at the pre-merger management college. This implies that an autocratic leadership style will lead to employee preconceptions of little or no control during a period of likely uncertainty where unknown outcomes will act as an intensifier of increased anxiety. Evidence of the effect this had on employee attitudes was presented as issues of trust, which took form in two distinct, but related, ways. Firstly, there was an inherent disbelief amongst employees from the pre-merger management college of the leadership's stated intentions, and this was manifest in criticisms that they were secretive and uncommunicative. The second definition of trust is related to an employee perception that leadership suffered from flawed judgement and irrational decision-making. These employee perceptions of leadership were significant in determining their *a priori* expectations of fair process in the merger, and perhaps led to a distortion of views through a preconceived lens. Folger (1993) claimed people compare change situations to referent others, which he went on to describe through the mechanism of *referent cognitions theory*. This he said provided reason why individuals will attempt to compare their environment and all the uncertain connotations that will evolve along with this

move in situations. The past not only serves as a referent for current expectations and certainties but it is also more familiar to them, leading to less uncertainty and greater control. An anchor then for employees at the pre-merger management college came in the form of expectations derived from the past behaviour of their leadership, and although this may have been a method of providing more certainty to their environment it appears from the conversations in Phase 2 that this was mitigated by the high level of uncertainty to result from their ineffective communications strategy.

This was not the case for employees based at the pre-merger business school, who had no prior knowledge of the new leadership and therefore, initially, were more likely to be objective in their view. However, there were expressions from these employees during the interviews that these interpretations changed as the merger progressed and similar issues of control and subsequent uncertainty were also developing. In similar situations it has been found that a loss of trust leading towards uncertainty of authorities increases a negative perception of procedural fairness (van den Bos, Wilke and Lind, 1998), which is supported in this study by the prominence of procedural justice amongst employees of the new business school. As evidence has been provided, perceived fairness in the process (procedural justice) is greatly enhanced by employee participation, which is also dependent on knowledge transfer and subsequent reduction in uncertainty. Procedural fairness matters more when an individual is uncertain whether they can or cannot trust the authority, especially in situations of information uncertainty where they are more likely to base their overall opinions of fairness on procedures used in their determination (van den Bos, 2001).

Expectations based on previous behaviours shaped employees' early merger perceptions from the pre-merger management college, and in particular those relating to fair outcomes from the integration. Therefore, how did future expectations based on organizational life beyond the merger affect employee perceptions of fairness in the current process? It has been discussed how an individual's positive and negative trait affect can influence their perception of fairness, and it may be considered that future expectations will be an important factor in these judgements. On this basis there was a divide between assessments from employees of the two pre-merger organizations motivated in part by the merger objectives of each organization. In conversations conducted with employees from the pre-merger business school they appeared to be

reticent about the merger because they could see little, if any, benefit for themselves from the integration. The outcome for them was a change of name to that of the pre-merger management college, and, more divisively, a change in publication strategy for the business school. From some of the comments passed by these employees it would appear that occupational commitment was of greater consideration to them than organizational commitment, and this was borne out in their declarations that publishing strategy was a personal goal. Also, the results from the first and second surveys provided evidence that they were less committed to the new organization than employees from the pre-merger management college. In each score of organizational identity, team identity and affective commitment they returned a significantly lower value than their counterparts at the pre-merger management college. Their expectations looking forward were of becoming part of a mainstream business school with a changed identity and purpose and a shift in business objectives that were increasingly moving out of alignment with their own personal objectives. These were their biggest concerns, and what they deemed to be unfair was that there had been very little justification or consultation and as a result had been shown little respect for their position in the organization.

In comparison, future expectations for employees from the pre-merger management college appeared to provide them with more hope and therefore fairness for these staff members was more in relation to previous and current events. As discussed, the reasons for merger were distinct for each organization and each can be related to the type of change being undertaken. Weick and Quinn's (1999) continuous change model befitted the radical change to business strategy that was part of the planning and objectives of the pre-merger business school before the merger was announced. The integration with the pre-merger management college offered an ideal opportunity to assist in the progress with this continuous change by providing an instantaneous transformation of identity. The merger enabled the radical change programme to be implemented and became the object of blame for the employees of the pre-merger business school for the changes being undertaken to the publishing strategy that they so vehemently opposed.

The episodic change being experienced at the pre-merger management college was more of a necessity due to financial constraints and was much more acceptable to staff who largely welcomed the relief of removing an ever increasing concern of retaining

their jobs. The main concern of these employees was with the leadership with whom they had past experience, and the unfair process and distribution of outcomes from the merger that they had delivered. Discussions with these employees also revealed the opportunities they envisaged may occur within the new business school, and therefore there were many reasons to believe that their outlook had been greatly improved. Opportunities for self-development in a new learning environment that offered job training and the chance to learn skills from a change in culture and practice, in addition to the possible boost to their career prospects from an increase in the range of internal positions was, for some, another reason why, over the long-term, the merger appeared to be a personally uplifting experience.

However, the one change that did unite the employees of the pre-merger management college in their belief that better times may lie ahead was the change in leadership that would take place once the merger implementation was largely complete. New leadership for these members of staff presented the prospect of overcoming anxieties they held towards the current leadership and a possible move towards openness and clarity in decision-making and relationships between authority and employee. This particular point was emphasised emphatically by the belief that by joining forces with the pre-merger business school and becoming a member of the new business school with a new leadership raised the prospect of a relationship of trust developing and forming a trusting environment. From evidence such as this the results infer that employee expectations form an important role in their perceptions of fair treatment, and the perspective of whether their referent of comparison is based on past experience or future predictions will have an influential contribution.

These were the factors of expectation that were most influential to employees across the new business school, and their impact on the individual's evaluation of fairness within the process differed considerably.
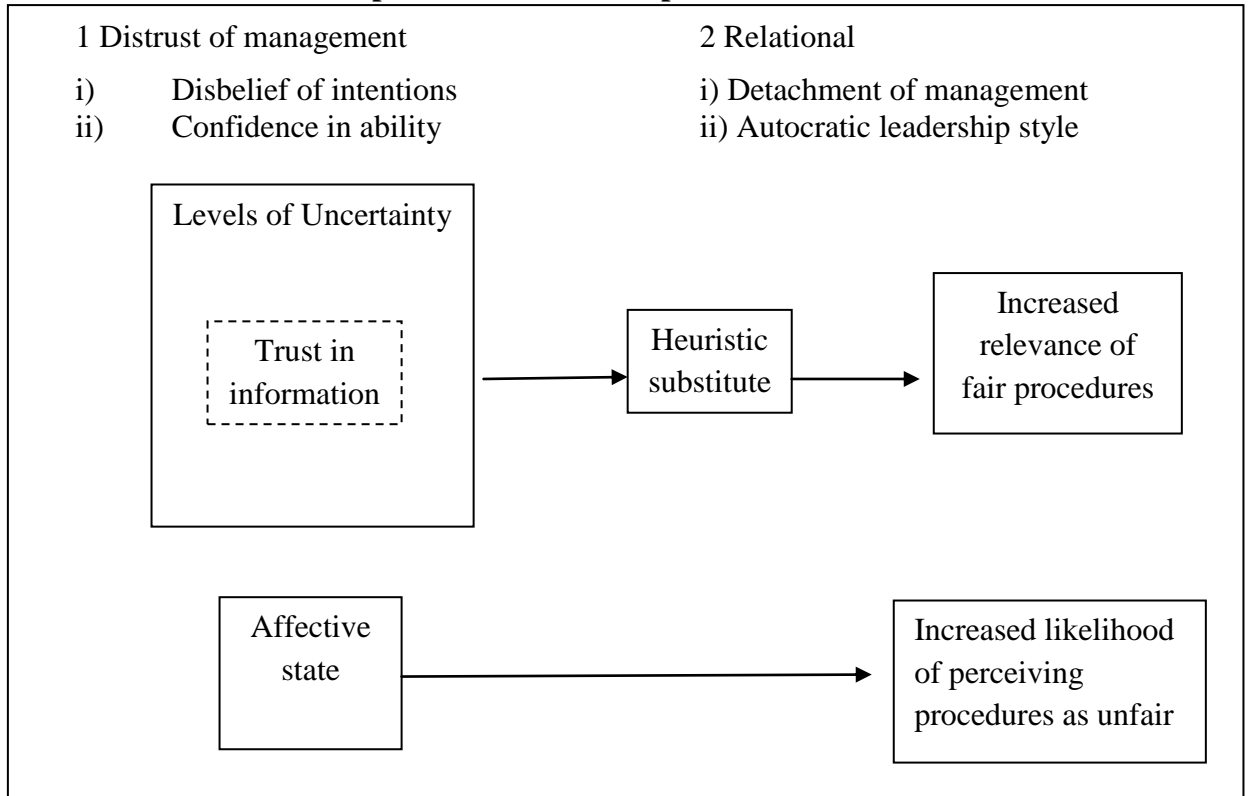
7.3.3.4 Trust

As discussed, concerns over trust in the leadership were partly related to employee experience and a subsequent expectation that leadership behaviour would follow previous characteristics and this would lead to an unfair merger process. Trust was one

of the *a priori* level 1 themes to emerge from previous research and in the case of the business school merger it had several representations. The first of two dimensions is the distrust of senior management activity, and this was largely a preserve of the pre-merger management college employees' expectations of their leadership. This first dimension can be further broken down into two sub-dimensions of: i) a disbelief in their stated actions and intentions, and ii) a disbelief in their capacity to make rational judgements and decisions. As highlighted in chapter 5, there were deeply held convictions that the leadership of the pre-merger management college were self-indulgent and that their actions were not necessarily motivated with the Colleges best intentions at heart. The second of these two reasons for distrust in management activity was a comprehensive belief amongst those interviewed at the College that the leadership's judgement had been called into question in relation to a number of major decisions that had been financially unrewarding in the years immediately preceding the merger. There was the impression that these financial misdemeanours had made a significant contribution to the decline of the College and the subsequent position that a merger was enforced to save financial catastrophe. The effect of either of these two factors on the employee was to reduce the level of trust they held in the leadership, which may be construed as having legitimacy or wholly inappropriate. Either way, the message communicated during the conversations was assured and the true effect was dependent upon the interpretation by the employee and not in the legitimacy of their belief. In these cases, their convictions established the mindset of the employee, which appeared to play a crucial role in how they determined the process of decision-making during the merger implementation.

The second dimension of trust was largely related to employees from the pre-merger business school that had not previously been acquainted with the leadership team. The issue here was relational, partly concerned with unfamiliarity of the senior management team, and therefore the need to build trust through familiarity and forming relationships with the leadership. The second relational issue was concerning the difficulties employees were facing building that relationship due to a change they were encountering in leadership style. It may be recalled from the results section that the senior management from the pre-merger business school were recognised for their democratic and consultative leadership style, unlike that the new leadership team, which

was described as autocratic and remained generally detached from the employees. Such barriers had created a distance between the staff and leadership and that gap was filled with uncertainty as any knowledge about the senior management was limited to hearsay. This problem with detachment also compounded the issues with trust experienced by employees from the pre-merger management college as they made their judgements based largely on expectations about the quality of decision-making. Events such as these that arise where information is either limited or non-existent may leave the individual to make their evaluations based on other material, which is what Salancik and Pfeffer (1978) allude to when discussing *social information processing theory*. They discuss the situation where individuals will fill the gaps left by ambiguity of the communicated message (*heuristic substitute*) through social influence, and obtain information from 'relevant others' upon which to base their perceptions and evaluations. Situations of information uncertainty that reduce the level of trust in the authority responsible for disseminating that information will result in the increased need for the individual to base their decision of fairness in the decision outcome on the procedures used in their determination, intensifying the requirement for fair procedures (van den Bos, 2001). Therefore, even in situations where communication between authority and employee is good, if the sincerity or the quality of that information is not convincing then that erosion of trust will also lead to situations of information uncertainty.

It is also accepted that in situations of information uncertainty an individual's affective state will become more prominent in judgements, further increasing the subjectivity of their perceptions of fairness, and reducing the logicality and objectivity in the process. Furthermore, because they have a tendency to focus on the negative aspects of the situation, employees who experience negative trait affectivity are more likely to perceive unfair treatment than those experiencing low negative trait affectivity (Wanberg et al., 1999). There was considerable evidence of the subjective-affective evaluation process during conversations with employees from both campuses, and cases could be determined from the four different rationales provided of effecting trust. Figure 7.1 depicts the situation emerging from the current study and proposes a two-dimensional framework of trust leading to similar outcomes of uncertainty and an increase on the emphasis of fair procedures.

Figure 7.1

The effect of trust on the perceived fairness of procedures

1 Distrust of management	2 Relational
i) Disbelief of intentions	i) Detachment of management
ii) Confidence in ability	ii) Autocratic leadership style

Levels of Uncertainty

Trust in information → Heuristic substitute → Increased relevance of fair procedures

Affective state → Increased likelihood of perceiving procedures as unfair

7.3.3.5 Perceived organizational support

In support of this developed theory, and converse to the general situation experienced amongst employees within the business school, an exception was presented by two individuals, one from the pre-merger business school, and the other from the pre-merger management college. Circumstances had developed where both employees had been offered the opportunity to work with the leadership and develop a relationship that was cordial and interactive, leading to a very different perception of their senior management than that proposed from other accounts that had been obtained. From the relationships that developed it was asserted that they had enjoyed the support of the leadership in their roles, having acutely more favourable impressions of their ability, and the way in which the merger process had been implemented. It transpired that for the individual from the pre-merger management college this very different perception of their leadership was based on a preconceived supporting relationship that had been

developed over a period of time prior to the merger. For the individual from the pre-merger business school, their perception of the leadership was not preconceived and their evaluation had been developed during the period of merger implementation when support for their involvement in one of the project teams appeared to be a decisive factor. A dismantling of individual barriers through interpersonal interaction appeared to be the critical factor in differentiating these employees' perceptions of the leadership and those of the remaining interviewees. A positive relationship of social exchange had been advanced through the norms of reciprocity cultivated, in part, by the support provided by authorities at a time when this was needed by their members of staff. The outcome of this exchange for the employee was to form a positive attitude increasing the personability of their leadership. A situation then develops where perceptions of leadership are developed partly through trust in that relationship, which, in turn, affects uncertainty at a time of significant change, and this will have a crucial impact on not only the importance of fairness in the process, but also how it is perceived by the employee. This situation appears to be influenced by the level of perceived support that they feel has been, or is likely to be, offered to the employee by authorities. It should be recalled that perceived organizational support (POS) is founded on the norms of reciprocity and is important in the employee-organization relationship because an employee who feels obligated to reciprocate is more likely to assist the organization achieve its objectives and care about its welfare (Rhoades and Eisenberger, 2002). Therefore, it would be correct to assume that employees who have experienced support from the leadership may be more accepting of the organization's merger objectives and more inclined to work towards achieving them than if they were working in an unsupportive environment. POS is described as portraying caring, approval and respect of the employee by the organization, which it is believed will fulfil socio-emotional needs, leading to incorporation into their social identity of role status and organizational membership. From an organizational perspective, a strengthening of employee perceptions that performance leads to rewards will have a positive relationship with affective commitment, performance and reduced turnover. From an employee perspective enhancing such beliefs will promote positive attitudes and job satisfaction (Rhoades and Eisenberger). The relationship between affective commitment and organizational justice has been emphasised in this study, and there would also appear to be recognition of the proposition that there is a close association between an individual's perceived support by the organization and their perspective on procedural

justice; certainly relating to process control. This is asserted by Shore and Shore (1995) who state that, "Unfair procedures contribute to mistrust, which in turn undermines the social exchange relationship and associated feelings of employee obligation" (p.159). Discussions with the employees who felt support from the organization raised the point that they had experienced little loss of control because they had been given continued autonomy in their role which had led to a feeling of control retention. They talked about a feeling that they were in possession of a freedom to control their own career and destiny, which was a very different conversation to those conducted with employees who had not experienced the same level of support.

7.3.3.6 Communication

If knowledge is considered as the opposite of uncertainty, then it is fair to predict that in the employee-employer relationship an increase in knowledge will affect the level of uncertainty experienced by the individual. Knowledge is therefore essential if control is to be achieved and subsequent aims fulfilled from interpersonal interactions (Bordia et al., 2004). There is evidence that uncertainty in a change environment has the potential to be reduced through communication with authorities and, subsequently, as the level of control increases for the individual in that relationship. This taken to be then the level of detachment between the leadership and employees of the new business school was partially responsible for the poor communications and an increase in the levels of uncertainty amongst members of staff.

However, it is proposed that the strategy of communication at the new business school is also highly related to the problem of control. It is purported that effectively transmitted organizational communication can remove some of the experience of powerlessness associated with change and the ensuing feelings of threat that result (Shaw and Barrett-Power, 1997). This should be considered important because, under normal circumstances, power within the employee-employer relationship normally resides with the employer (Blau, 1964). The problem for employees of the pre-merger management college was not necessarily the dissemination of information through regular communication, but, perhaps befitting of an authoritarian leadership, the communication was perceived as a one-way process. This was evident in the lack of genuine voice offered to employees, which resulted in increasing the levels of distrust in

the leadership and portrayed a lack of respect for the opinions of staff (interactional justice). Interactional justice is the construct of organizational justice concerned with the *social exchange* of the superior-subordinate relationship (Bies and Moag, 1986). It is proposed that an individual's relationship with the organization is based on the social exchange framework, which will continue until unfairness is evidenced, at which point the individual will reinterpret the relationship (Organ, 1990). The communication strategy employed by the leadership returns the emphasis to a concern over the impact from a perceived breakdown in the expectations of a successful social exchange between employee and employer. This pattern of behaviour seems to support previous research conducted into employee-employer exchange relationships during times of significant change. It has been reported that the relationship between manager and employee becomes increasingly pertinent during times of organizational instability (Hubbard and Purcell, 2001) at a time when employees become concerned about their changing environment. Marks and Mirvis (1998) reported that the methods engaged by senior management when handling a merger affect both employees' feelings about their jobs and their sense of personal stability. Trust among employees is increased when there is presence of good communication before and after a change in addition to good employee relations during that change (Nikandrou, Papalexandris, and Dimitris, 2000). In part, because of the deep levels of distrust felt towards the authorities, the relationship between the leadership and employees of the pre-merger management college, and increasingly for those of the pre-merger business school, was dysfunctional. Ineffective communication provided for a further erosion of trust and a deepening of employee uncertainty and ambiguity, leaving them to explore the gaps in their knowledge and try to complete these through social cues provided by their external environment. As employees tried to search for their answers, grapevine interaction was left to fill the gaps.

A further issue with communication was an apparent breakdown in the employer-employee feedback mechanisms, which were crucial if the changes to terms and conditions and strategic focus were to be justified. A distinct lack of justification for the communicated message was a major cause of uncertainty among employees because, again, a major element of the consultation process was not being addressed by the leadership, leading to misunderstanding through the shortfall of information. It would

appear that social accounts (explanation or justification of an action) used by senior management were inadequate in their justification of decisions taken as part of the integration process, an integral part of the wider issues already discussed relating to control and uncertainty. Insufficient explanation of reasons for change are defined by Cobb et al. (1995) as *causal accounts*, but in this case a broader perspective was necessary to present a vision of where the new organization was being positioned, and subsequently, the goals that it wished to achieve. Had such a global vision been clearly articulated across the workforce, binding in the changes being implemented as a series of objectives to achieve this vision, and therefore presenting a sense-making account at a more local level, this may have alleviated the uncertainties and subsequent outcomes of employees. The use of *reframing accounts* is discussed by Sitkin and Bies (1993) and involves the attempt to change employee perceptions of unfair treatment by persuading them to accept a new standard of comparison. During many of the discussions with employees from the pre-merger management college, whether realistically viable or not, alternative options to a merger with the university were raised. Merger or acquisition is a strategic choice and alternative strategies and their implications for the management college could have been presented, eliminating each for its comparable deficiencies. These comparisons, or referent alternatives, had not been clearly articulated leaving the individual, once again, in a state of knowledge deficiency and uncertainty.

As discussed, it became evident during the Phase 2 interviews that issues of trust in management were largely confined to the leadership of the business school. The other two dimensions of interactional justice that received such prominence were justification of the communicated message and respectful treatment of the employee by management. Again, these were aspects of the relationship between the leadership and employee with no indications of anger exhibited towards the employee's supervisor or other forms of line-management, which appears to shed new light on the assertion that interactional justice is confined to the leader-member exchange relationship (see Cropanzano et. al., 2002). Supported by results of the survey, interactional injustice was a significantly greater issue for employees of the pre-merger management college compared to their colleagues from the pre-merger business school. Although certainly not the case with the current leadership, historically relationships between the leadership and employee had experienced few barriers, and a closeness depicting a 'family relationship' was portrayed during the interviews. This is emphasised in the special

bond that existed between management and staff of all levels across the organization and characterised through the cultural rituals and the development of a thriving social cohesion that had become part of the foundations of the organization. It would appear that interactional justice is dependent on the closeness of the relationship and where this has developed as a characteristic between employees and their leader then interactional justice may also be a preserve of that relationship and is therefore not confined to more local relationships between employees and their supervisors and line managers. The dynamics of this proposition may be particularly pertinent to the structure of an organization and style of leadership (i.e. organic structure v bureaucratic structure, democratic leadership v autocratic leadership).

The important connotations of these findings is that if an employee can experience interactional justice between themselves and their leadership then is it possible that this perception becomes a personification of the organization itself? There is support for the proposition that the actions of senior management become a personification of the employee's perceptions towards the organization and its policies, not least from evidence that associates procedural justice with the actions of senior management and the organization itself (Folger and Konovsky, 1989; Sweeney and McFarlin, 1993).

As discussed earlier, an outcome of this situation of information-uncertainty was the impression it had on an individual's trust in the leadership and their decision-making during the merger implementation. Another consequence of receiving either insufficient information or information that wasn't trusted was the effect on the individual's judgement and their method of evaluating fairness as a consequence of information-uncertainty. Van den Bos (2003) maintained that in situations where directly relevant information is not available individuals are more likely to base their justice evaluation on affect, thereby increasing the possibility of making irrational judgements. There was evidence of this being a major problem amongst staff at both campuses, due partly to actions without justification, and also as a consequence of the untrusting relationship between employees and the senior management. There was also evidence of a grapevine effect where employees circulate their own discussion, which may, inevitably, lead to rumour and misinterpretation.

7.3.4 Psychological Contract Breach

Rousseau (1989) defines psychological contract breach as one party providing a contribution for a promise of future returns and there is then a belief that an obligation to provide those future returns has been created. For those at the pre-merger business school, the change in strategic focus that impacted publishing strategy was an act of psychological contract breach, but, as asserted by Bellou (2007), in the event of a merger the initial contract formation ceases to exist. This proposition is supported by Baruch and Hind (1999) that in organizational restructuring the old contract is simply replaced, supported by the notion that employees will enter into a risk analysis and self-appraisal where they will then decide whether to form a new contract with their employer (Cartwright and Cooper, 1992). This period of reflection was detected in many of the conversations conducted during the Phase 2 interviews where, as a sign of their resistance to change, a number of staff stated they were considering their options with some signifying an intention to leave the organization.

For a new contract to be formed following a merger or acquisition the employee will need to enter into a process resembling socialisation where trust and communication become two crucial factors in the binding relationship of the new contract (Hubbard, 2001). Conversely, the trust that employees held in their leadership from the pre-merger business school had been affected as a result of the changing nature of their organization's identity and strategy and therefore this emphasises some of the difficulties they were experiencing with the socialisation process and considerations of whether to form a new psychological contract with the merged business school.

These factors were also extremely important to employees from the pre-merger management college, but their perception differed considerably. Although matters of psychological contract breach were even more considerable for these employees, this was related to issues with the merger process and interactional issues with the current leadership. Because these factors were based on the principles of social exchange they affected their relational contract with the organization and went to the heart of their commitment in that exchange contract.

7.4 Implications of the Findings for Current Theory

One of the main findings to emerge from this study was that although the main relationships identified with perceived fairness were drawn from the many commonalities that existed amongst employees from each of the integrating organizations, organization specific attributes of the merger were responsible for very different perspectives taken in forming those perceptions. Considering this proposition in light of current research, although differences in identity and culture have been discussed as one of the challenges of integrating employees from different backgrounds, this appears not to be the case in recognition of organizational justice. It is proposed that findings from the current study in relation to organization and integration specific attributes and the dynamics of perceived fairness within this context are entering a new field and should be considered as an important contribution of the research.

In particular, three specific dimensions of the Business School merger can be identified for producing differentiating contextual features that were central to influencing employee perceptions of the changes being experienced. Each is considered as a major advance in their contribution to organizational justice during organizational integration.

1) The size of each organization in their pre-merger capacity had connotations towards the perceived balance of power, which appeared to have influence on the recognition of control and, subsequently, the effect of employee voice. Although status has previously been identified as an important dynamic in the development of identity in a merger or acquisition, its identification in this study as a principal effect of perceived procedural justice can be considered a major contribution to research into the process of integration.

2) Recalling Larsson's (1990) three approaches to integration (see pp. 29-30), the two-dimensional strategy that was adopted for the integration of processes and people at the Business School had the effect of provoking incoherency and confusion. A hard/controlling strategy for the integration of processes and terms and conditions was more akin to the deeper integration of a horizontal or vertical merger model whereas the stand-off approach for the integration of people emulated a soft/controlling strategy, more suitable for a concentric integration.

Birkinshaw et al.'s (2000) model stresses the importance of a simultaneous task and human integration strategy if acquisition success is to be achieved. This inconsistency of approach, due to difficulties in identifying a single model of integration, created barriers, raised issues of trust and, subsequently, affected employee perceptions of both procedural justice and interactional justice. Findings from this research testify that in either an acquisition or merger it is particularly distressing for the organization with lower status or power because they are more likely to be effected by a hard/controlling strategy than the organization that holds the balance of power.

3) A third dynamic of the study that emerges as a differentiating factor between the pre-merger organizations, and upon which employee perceptions of justice were contingent, was the level of cohesiveness experienced in their time before the integration. A particularly high level of cohesiveness was demonstrated by employees from the pre-merger management college and this was recognised in their significantly higher levels of identity and commitment. It is evident from this study that when higher levels of organizational commitment and identity are associated with feelings of powerlessness or a loss of control then this is perceived as a potential threat to their cohesive state and increases their feelings of injustice.

These three differentiating aspects of research conducted at the Business School (relative size of organizations, incoherent integration strategy and level of cohesiveness amongst employees) provided a contextual basis from which employee perceptions of fair practice during the merger were developed.

In the remainder of this section these and other findings from the study are contemplated for their implications for current theory, and in particular a focus is provided on the dynamic relationships of the five themes identified as the antecedents of organizational justice. A model representing the study outcomes is also presented.

7.4.1 The Role of Social Exchange in Fairness

It has been determined that problems with the quality of communication at the business school were a primary reason for the levels of anxiety experienced by staff and a root

cause of uncertainty that led to a further erosion of trust in the leadership. It has been identified that involving the individual in the process of change by offering voice can provide many positive behavioural outcomes. However, further to this it has been recognised in this study that a successful communications strategy can only be developed if it includes a structured plan for justification of the decisions made and the actions taken. Ineffective use of social accounts by authorities led to confusion and increased uncertainty about the future direction of the organization, the current policies and practices of the organization, and even the reason why the merger was even initiated.

In chapter 2 a framework offered by Larsson et al. (2004) was discussed, capturing what they deemed to be the three important characteristics of communication during a merger and acquisition. The three characteristics were identified as voice, involvement and precision, hence they entitled their framework the VIP model. The findings from the current study confirm the three characteristics proposed by Larsson et al. However, the results go beyond their three component model because the authors do not take into consideration the use of social accounts to support this communication strategy and the act of justifying managerial decision-making during merger implementation.

The three characteristics presented by Larsson et al. are discussed in more detail in chapter 2, but are presented in Table 7.2, which, in line with the current study, includes the addition of social accounts. It may also be recalled from the discussion in chapter 2 on social accounts that justification of managerial actions had been identified as a required function in the implementation of a change programme, and subsequently, as an antecedent of justice, this had been recognised as an *a priori* level 1 theme in the current research. Following the interviews in Phase 2 this was confirmed as a major function of the post-merger level 1 theme of *social exchange relationships* and therefore is considered a vital element of a successful integration programme.

Table 7.1

The VIP model

Characteristic	Interpretation
Voice	Timely, honest communication that reduces employee uncertainty, active listening to their thoughts and feelings to learn how to best integrate the combining companies.
Involvement	Involvement in the integration process by retaining as much of the acquired corporate values as possible and by seeking ideas and suggestions from employees about their integration and improvement solutions.
Precision	Precision in two-way communication and integration because people process information in different ways, have different career motives, experience threats in different ways and therefore need different information and solutions.
Social Accounts	In support of an honest voice mechanism, the use of justification of managerial actions, providing reasoning and the grounds upon which this was based by presenting alternative courses of action that were considered but eliminated.

Note. Adapted from "The secrets of merger and acquisition success: A co-competence and motivational approach to synergy realization," by R. Larsson, K.R. Brousseau, M.J. Driver and P.L. Sweet, 2004. In A.L. Pablo and M. Javidan (Eds). *Organization development: A process of learning and changing*, (2nd Edn.). Oxford, UK: Blackwell Publishing.

Findings from the current research propose that the most complete explanation of managerial actions will have two desired outcomes:

1) It will present the context in which the decisions were made, raising any dependent factors that were important in the making of that decision of which the employee was not aware. It will also allow the opportunity for authorities to present all possible considered outcomes of both the decision made and the alternative options, and in so doing present the case for why that particular option was chosen.

2) A comprehensive justification of their actions by authorities to include employees at all levels across the organization will present a case of consideration at a time of increased anxiety for the individual. This action will promote employee feelings that have been treated with dignity and respect and therefore reduce any perceptions that their psychological contract with the organization has been breached.

Further support for the implications of not using justification of the communicated message has been emphasised in phases 3 and 4 of the study where a significant relationship with perceived psychological contract breach was identified, along with negative attitudinal and behavioural outcomes.

While the framework offered by Larsson et al. recognises the need for timely and honest communication as part of an effective strategy, this does not necessarily involve the justification of managerial decisions and actions. It can be recalled that within the current study employees at the business school indicated they received sufficient information from their leadership regarding progress with the merger implementation and, as a result, changes to policy and practice. Even so, there were two deficiencies in the quality of this communication that had a major influence on its effectiveness amongst employees. i) trust in the communicated message. ii) justification of the communicated message. The first of these two factors is taken into account by Larsson et al. when they refer to 'honest communication that reduces employee uncertainty.' Equally, ineffective justification is a primary cause of employee uncertainty and this is not alluded to in their framework.

7.4.2 The Role of Trust in Fairness

Forming part of the framework of organizational justice antecedents, trust is one of the most dynamic variables. Authority's embodiment of trust in their decisions and actions during the merger and acquisition process proved to be a pivotal factor in employee perceptions of justice and this was exemplified by contrasting profiles of their leadership. Those members of staff that had been able to develop a working relationship with the leadership and had gained their support were more positive in their personal appraisal of those authorities and the merger process that they were leading. During the Phase 2 interviews it was found that so many of the variables upon which organizational justice is dependent were reliant on a reciprocated exchange relationship of trust. For instance, as well as influencing employee preconceptions of their leadership and subsequently the perception of their expected behaviour during the merger, building trust was also effective in developing new relationships with employees from the pre-merger business school. Within both of these roles trust was found to influence both the uncertainty of the employee and their perceived fairness of the communicated message. In addition, from the results of the phase 3 and 4 surveys, levels of trust were also found to influence the belief that promises made during implementation have been kept and will therefore help to reduce any doubts an individual may harbour that their psychological contract with the organization has been breached.

With such an impact on the individual it is therefore important to identify what are the main reasons for an employee to experience feelings of distrust for authorities in a merger. There is clear evidence from research conducted at the Business School that the characteristics of trust in this situation can be identified as two dimensional. The two dimensions and their sub-dimensions are presented in Table 7.2.

From the Phase 2 interviews it would appear that levels of trust may be increased through careful consideration of building interpersonal relationships where they do not exist. Where they do exist, ensuring that strong communication mechanisms are developed that not only provide an explanatory function but also provide the option of genuine voice, which, for the employee, is imperative for creating a level of control in the process and reducing some of their uncertainty. It is also necessary to recognise the

role of perceived organizational support (POS) in the exchange relationship and the dynamics of this variable in a trusting relationship built on the norms of reciprocity.

Table 7.2

Relationships with authorities and their influence on trust

Personal — The distrust is attributed to characteristics of the individuals acting as authority.	Intentions	The intentions of those individuals acting as authority are perceived by the employee as potentially damaging to the employee's interests (e.g. authority's actions are perceived to be self-serving rather than in the interests of the organization; authority's actions are perceived to be in the interests of the organization but a threat towards the interests of the employee).
	Ability	The ability of those in authority to make rational decisions that will benefit the organization.
Relational — The distrust is an attribute of the proximity of the relationship between the authority and the employee.	Distance	The authority makes little effort to remove the barriers between them and the employee in order to develop a working relationship.
	Unfamiliarity	The authority is new and unfamiliar to the employee because they have not had time to develop a working relationship.

It is important to recognise that, in addition to its effect on perceptions of psychological contract breach, trust is an antecedent of organizational justice that has been identified as having a direct influence on the outcome variables of affective commitment and an employee's intention to leave their employment. These are important considerations for the organization in a merger context.

7.4.3 The Role of Control in Fairness

Evidence emerged from the interviews in Phase 2 that the anxiety created by uncertainty in a merger or acquisition is intensified when employees are not offered voice in the decision-making process, a notion supported by contrasting examples. Employees who had been asked to participate in some of the decisions that affected their remit of work spoke about how encouraged they were with the behaviour of authorities and how this had increased their level of trust in them in both a personal sense and a relational sense. Conversely, employees who stated they were not given voice in the process were more likely to portray a negative view of their leadership's behaviour and have little trust in their intentions or abilities in decision-making. It would appear that the act of inviting an individual to become involved in the merger process sends a signal that their abilities are recognised by the authority and enhances a relationship of mutual respect. It should be noted how the action of giving voice bares similarities to the development of an effective communication strategy because there is evidence that this relationship is also dependent on the mechanisms of social exchange, governed by the norms of reciprocity. It should also be noted that the impact on relationships between the employee and authority is also consistent with the framework discussed above for developing trust.

Therefore, it would appear that each dimension, an increase in control and the action by authorities of offering control, had a positive effect on the employee's perception of their leadership. In addition to improving levels of commitment to change, an increase in control reduced employee uncertainty and, subsequently, increased their level of trust in the leadership, whereas the offer of control promoted feelings of respect and self-efficacy. Problems with some members of staff at the business school arose because it was felt that the voice they were being offered was disingenuous, which then appeared to have the adverse effect of increasing their levels of uncertainty and decreasing levels of trust in the leadership.

7.4.4 The Role of Values in Fairness

At the business school the shared meaning attached to brand identity, publishing strategy and the ritualisation of social interaction formed a common bond between employee and organization that was of primary importance to the individual and was to form a barrier to transferring their identification to the new organization. The change in

practices from old to new was a cause of resentment and subsequent resistance that materialised into negative workplace attitudes and behaviours, such as a lowering of affective commitment, and indications of an intention to leave.

In chapter 2 Larsson's (1990) framework of strategic approach to integration formed part of the discussion around cultural fit of integrating organizations. The three strategies were as follows: i) hard/controlling (one best method, usually controlled by acquirer), ii) co-competence (interactive, exploiting the competences of both firms), iii) soft/avoiding (preserve existing values at expense of full integration). It is useful to recall these strategies when considering the three main cultural and identification changes at the business school, and the problems with cultural integration at the NHS Trust. Of the three strategies, the closest fit to the business school model was that of hard/controlling where changes were enforced by an autocratic leadership with the intention of achieving a rapid functional integration. However, as acknowledged within Larsson's framework, this strategy risks provoking an atmosphere of employee resistance because the human element of integration tends to be of secondary concern.

It is clear that in mergers or acquisitions such as that at the business school where employees experience a strong emotional attachment to their existing organization and this is compounded by a binding of their personal and organizational identities that a hard/controlling strategy of integration is inappropriate in the form that it was introduced. In this instance, there were two elements of integration policy that were incompatible, not only with each other, but with the deeply held convictions and values of employees across the business school. While policy changes were introduced without an effective mechanism for consultation procedures, and were therefore perceived as enforced through authoritarian rule, the integration of staff and working practice for academics has largely been avoided, resembling Larsson's soft/avoiding strategy of integration. It is therefore evident, on these terms, that integration strategy has been confused between the extremes of a partial attempt to impose a rapid integration of policy despite the fact that little attempt has been made to bring together the workforce and break down the cultural barriers of human integration. One is again reminded of Birkinshaw et al's (2000) warning that where task integration precedes human integration suspicions are raised of acquisition motives and there will be a threat to

acquisition success. In this, there are stark similarities to employee concerns at both the business school and the NHS Trust.

Which of Larsson's three strategies is best fit will be contingent upon the specific circumstances of the merger or acquisition, but what would seem of equal importance is that consistency of the strategy engaged throughout the merger implementation process is imperative. If strategies of rapid and deep integration are used for even a small area of policy or task integration, it is important, early in the process, to bring together those individuals who will be either directly, or indirectly, involved in their implementation.

7.4.5 The Role of Expectation in Fairness

One of the findings to develop from the Phase 2 interviews was that an individual's perception of fairness was influenced from expectations developed from past and future events. These attitudes and opinions were built on the individual's personal beliefs and preferences and there is evidence that their affective state influenced perception of expectation. Examples of this came from employees who expected new opportunities to develop from the merger, and as a consequence were more likely to express feelings of fairness towards the process in general. It is also influenced by experience, and those familiar with the autocratic leadership of the pre-merger management college were guided by expectations very different from the democratic leadership style encountered by those employees from the pre-merger business school.

A framework of expectation depicted by the two dimensions of experience and future predictions is presented in Table 7.3.

The framework differentiates between *a priori* expectations, developed from past experience, and future expectations, which may also be influenced by past experience, but are developed primarily on how the employee perceives the pathways to their future progress. Past experience will also have an effect on affective state of the individual and therefore, within a deductive process, add to the dynamics of the lens through which they develop projections of the future. Of *a priori* expectations, three dimensions were particularly aluminous amongst business school employees and these are expressed in the model as leadership, respect and trust. The influence of their leadership's past

behaviour was important to all business school employees, but because leadership during the merger implementation period originated from the pre-merger management college, these individuals were most likely to harbour preconceived expectations of their behaviour. This is also very true for the dimensions of respect and trust, which have both been discussed, and the model of trust on page 228 should be referred to. One of the conclusions that can be drawn here is that while an increase in the level of knowledge about leadership and their expected behaviours may increase or reduce levels of uncertainty, it may also influence the affective state of the individual in their projections of future expectations. Whether this will have a positive or negative affect will depend on the how the individual perceives the leadership characteristics, which will include both level of respect and level of trust in their reciprocal relationship of social exchange.

Table 7.3

Expectation and its role in forming attitudes to fairness

Temporal Mode of Expectation	Characteristics	Object of Expectation
a priori	Built on past experience	Leadership (characteristics e.g. style, character)
		Level of respect
		Level of trust (see model of trust)
a priori expectations will also influence affective state, which will affect future expectations		
Future	May be influenced by past experience and built on desirability of expectations	Opportunities to improve job satisfaction.
		Uncertainty (e.g. job security, safety of environment).
		Conformity of values (incongruence between personal and organizational values relating to culture and identity).

As depicted in the framework, it should be added that although future expectations will also be dependent on these perceptions, there are also a further three dimensions that were portrayed as important by business school employees to their projections. These

were opportunities to improve job satisfaction, which has been discussed, and uncertainty, which was, conversely, influenced by knowledge of previous states (e.g. leadership) and the unknown environment that change will bring for the individual. Also, a conformity of values, which is acknowledged in the discussion above (see section 7.4.4) and relates to the tensions raised between shifting personal and organizational cultures and identities that had been a direct consequence of a number of staff proposing an intention to leave the new organization.

7.4.6 A Model of Justice and its Antecedents

At this stage it is useful to draw together the conclusions of the research and form an impression of the main findings from the study. This is demonstrated in Figure 7.2.

Figure 7.2

The five antecedents of perceived justice during a merger.
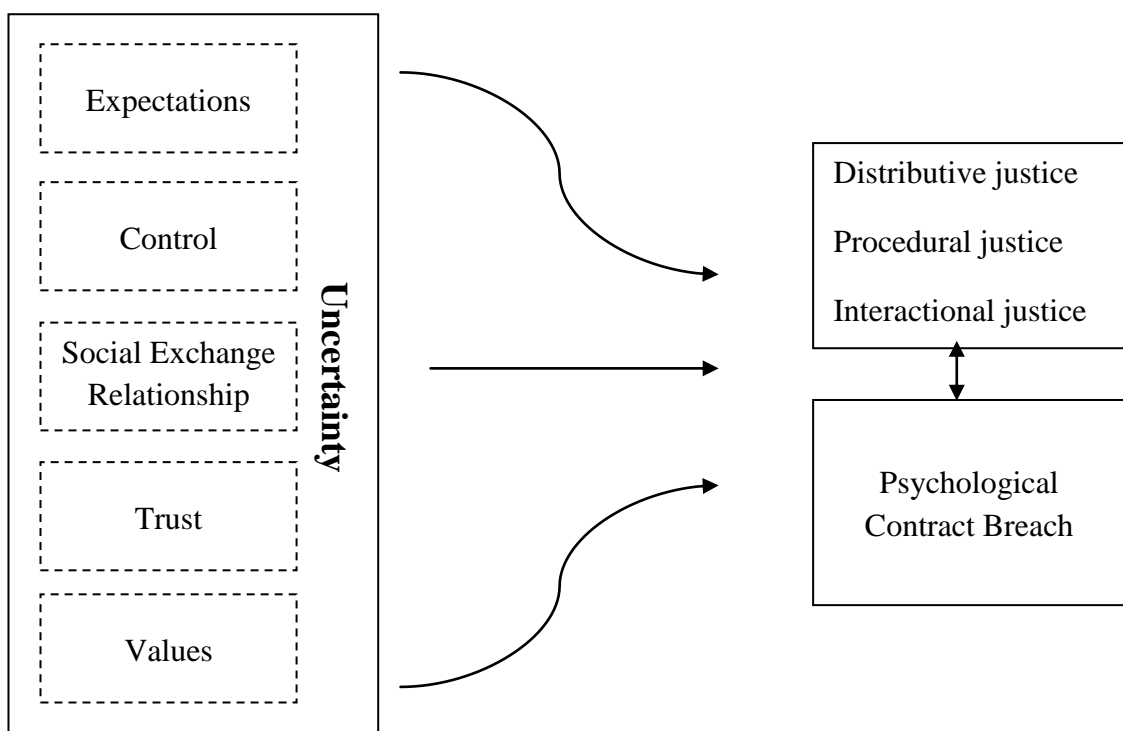
It can be seen in the model that each of the five Level 1 antecedents are depicted with dashed boundaries, which represents the fact that they do not act independently in their influence of organizational justice, but are interrelated and often unified in their actions.

This is demonstrated by the examples of distrust which becomes a sub-theme of expectations, control, and social exchange relationships, and voice which becomes a sub-theme of both level-1 themes, expectations and control (for a more detailed presentation of these interrelationships see the Final Template in Appendix I). When considering the model it is important to understand that each of the five Level 1 themes are representations of the many complex relationships by which they are underpinned. Equally, their level in the hierarchy does not necessarily indicate a level of importance in the relationship with organizational justice. Each theme and its hierarchy of sub-themes are therefore highly inter-dependent and the dynamics of their relationships multi-faceted.

The level of uncertainty that is affected by the presence of each of the five antecedents also had a dynamic influence in their relationship with organizational justice, and this is acknowledged in the model. Finally, the multi-directional relationship between organizational justice and psychological contract breach was identified in the Phase 2 interviews, and its significance was supported in the phase 3 and 4 surveys.

7.5 Summary

In summary, the discussions held across both campuses revealed dissatisfaction amongst employees, significantly related to an attitude of unfair outcomes that had been generated from a perception of broken promises from the organization. The dissatisfaction experienced by employees was not implied as a grievance against the principle of merger, indeed this appeared to have been accepted by the majority of those being interviewed. The grievances expressed were related to outcomes and the processes that had been used during the merger implementation, and, in addition, for employees from the pre-merger management college the underlying reasons for the necessity to merge. Although a structured template of hierarchical themes has been designed from the discussions, many of these themes are interdependent, and some, such as communication, process control and trust are inseparable. The common thread connecting these antecedents of organizational justice was an employee perception that the organization had not delivered to expectations on its side of the employee-employer relationship (psychological contract breach). The main findings from the Phase 2 interviews were supported by significant results developed from the phase 3 and 4

surveys. The theoretical contributions of this study have been presented within the auspices of each of the five level 1 antecedents of organizational justice and an overall model of the findings has been presented.

CHAPTER 8

Conclusion and Recommendations

8.1 Introduction

In this chapter concluding remarks present an assessment of the implications for practice in the light of the employee's psychological contract with the organization as well as the effects on their attitudes and behaviours at work. With a view to integration policy, a number of recommendations are offered to the practicing manager. A reflection of the study and its limitations, including a self-critical assessment of the research design, are then discussed and recommendations for further research are also considered. First, a review of the study aims and objectives is presented in the light of the research findings.

8.2 Conclusion

8.2.1 A Review of the Study Aims and Objectives

In conclusion of the study results, it is of considerable surprise that so little research has been conducted into the phenomenon of organizational justice and its effects on the employee during and after a merger implementation. It is evident from this study that there is a great deal to be learned from exploring the dynamics of its many relationships and the consequences of these relationships. Recent calls by other scholars of mergers and acquisitions for a need to conduct more research into the effects of both organizational justice and the psychological contract on employee behaviour in a merger situation have so far gone unheeded, and this study has begun to address these concerns. Beyond that, this study will also raise the profile of both phenomena because not only has the importance of fairness and its relationship with employee and organizational outcomes been substantiated, but the complex relationship between these two variables has been discussed and other catalysts upon which the relationship is dependent, have been revealed. The results from the Phase 1 survey were emphatic in their portrayal of a workforce who believed fairness to be very important to them in

their judgement of the outcomes from the merger, the decision-making process upon which those outcomes were determined and the methods of their communication.

The very fact that, in the contextual setting of this survey, organizational justice was compared to two concepts for which there is substantial and conclusive evidence supporting their influence on employee behaviour, and found, in both cases, to be of greater importance to the individual, is a finding that is central to the focus of this study and of consequence for the setting of further research into this phenomenon. These findings, substantiated in the Phase 2 conversations, enabled the foundations of further research to commence in the remainder of this study, the results of which have been presented along with a subsequent discussion of their interpretation and implications for the current field of research. However, although generalisation was not an objective of this study, the external validity of these conclusions should be treated with caution due to circumstances acknowledged in section 8.2.3.1

Once the significance of fairness had been established the next question related to how and why the individual perceives this concept, and also, what is the role of each of its three dimensions, and how do they interact with each other and their antecedents. At the business school the most significant dimension of fairness was procedural justice, and this was stimulated by major concerns over the process used to implement the merger. Unfair distributions were the main concern at both campuses but in each case these perceived inequities could have been partly mitigated by the procedures and interactions employed in the implementation and distribution of these outcomes, but the leadership fell far short of requirements and exacerbated a situation in the methods that they used. It was quite evident that any pre-implementation planning had not considered a number of crucial elements necessary in any general change programme, but also some specific to the dynamics of a merger or acquisition.

These elements, considered and identified as the five main pillars of influence on perceived organizational justice, have been found as: i) expectation, ii) control, iii) social exchange, iv) trust and v) values. The effect of a diminution in any of these five pillars has resulted in psychological contract breach for the employee. Change has brought about uncertainty and this leads to a need for control and as much effort being placed on continuation of circumstances as possible. The withdrawal of benefits has led

to an increase in loss of control (and more uncertainty) and also to a radical change in the social setting at the pre-merger management college. This has also impacted cultural values and an attachment to the organizational identity and in some cases its relationship with personal identity.

For the pre-merger business school staff, these factors of control trust and values were once again at the heart of the matter as unknown leadership affected trust-uncertainty and issues of control over a change to their publishing strategy, which also impacted their values and with it their personal identity as academic writers. It would appear that these three dimensions are very much interrelated.

An attack on the values of both employees and those they recognised in their identification with the organization were the main source of concern at the pre-merger management college. The main issues at the pre-merger business school were with the change in research strategy and the distributions here again were of primary concern, although the cause was related to issues surrounding process. A core foundation of the concern with process was trust; at the pre-merger management college it was simply a matter that employees didn't trust the management they had known for a long time. At the pre-merger business school there was more of a connection to the fact that trust had not been established with an unknown party (i.e. the new leadership). As evidence has been provided in previous research, distributive justice is affected by procedural justice and interactional justice. This has been the case in this situation.

8.2.2 Practical Implications of the Study

An aim of this study was to raise awareness for the practicing manager of the implications of fairness by recognising the factors by which it is judged and its subsequent effect in the workplace. Because of the consistencies found between employee attitudes within both the business school merger and NHS Trust merger it is considered potentially feasible that these commonalities can also be addressed to the broader remit of the merger and acquisition population. Therefore, with reference to the survey findings, and support from the results of the Phase 2 interviews, a summary of the practical implications of the study is provided.

8.2.2.1 Organizational justice and the psychological contract

For an organization embarking on a merger or acquisition strategy this study has demonstrated that the concept of fairness as perceived by the employee is of considerable importance to the judgements they will make of the distributions from change, as well as the judgements they will make of the change agents responsible for those decisions and their implementation. Not only should fairness of distributions be a primary concern, but also fairness in the process that determines those distributions and the communication strategy through which the employee will be informed. These are important considerations for the organization because of the affect perceived fairness will have on employee attitudes and behaviours, and the subsequent impact this will have on the organization itself and those working within. The significant relationship supported between organizational justice and psychological contract breach is of particular concern for the organization. It has been demonstrated that the psychological contract forms a common bond between an employee and their organization based on a reciprocal relationship, and that breach is also related to negative workplace attitudes and behaviours (for example see Robinson and Morrison, 1995; Turnley et al., 2003).

8.2.2.2 The effect on employee attitude and behaviour

The complexity of leading an organization through the transitional change of a merger or acquisition and at the same time remaining focused on the core strategic objectives of the pre-merger environment has undoubtedly been accountable for some of the concerns raised by employees in relation to their unfair experiences. What often appears as evidently the best path for the survival or sustainability of the organization does not necessarily conform to the interests of the employee and subsequently these disparities may influence their attitudes and behaviours. The findings from this study emphasised that while employees from both organizations raised concerns with the fairness of outcomes from the merger (distributive justice) the issues that related most strongly to their attitudes and behaviours were those concerning unfair process (procedural justice) and unfair communication of outcomes (interactional justice). It should be considered that although outcomes may be governed by the strategic objectives of the merger, fair process and communication are more likely to be contingent upon an effective pre-merger implementation plan.

Therefore, the quality of leadership and the strategies they design for procedures and communication will influence the attitude and behaviours of employees, which subsequently have an impact on organizational outcomes such as the strategic objectives of the integration. The dimensions of fairness causing most anxiety for employees in this study formed significant relationships with psychological contract breach. There is also support in this research that, in addition to a perception of breach in psychological contract, outcomes of perceived unfair treatment will result in a lowering of affective commitment, an increase in intentions to leave the organization and less of an inclination to work beyond what is required.

8.2.2.3 Recommendations

A number of policy areas identified as influencing these relationships should be considered by practicing managers in the organization's pre-implementation merger plan. The three factors outlined below will each have the effect of increasing an employee's perceived level of organizational justice and subsequently reducing the negative attitudes and behaviours referred to above. It is therefore recommended that all three factors are given careful consideration and mechanisms are provided to develop each as an integral part of the pre- and post-merger implementation plan.

1) Process control (involvement): Allowing the employee a voice in the process of determining policies that will affect their role in the merged organization will improve their perception of fair treatment and, as an outcome, they will be more accepting of the distributions they receive. It is also an acknowledgement of respect for their knowledge, skills and abilities, which has been found to improve their levels of self-efficacy.

2) Justification: Forming part of an effective communications strategy, justification of the decisions made as a result of the integration provides clarity of reason and purpose. An account of the decision making process reduces employee speculation and grapevine activity, and subsequently reduces subjectivity in their evaluation of fairness. Justification also reduces employee uncertainty by increasing the flow of knowledge about the merger process.

3) Trust in leadership: Sustaining or developing trust in the leadership team should be considered as a further strand of an effective communications strategy. This course of action will be particularly important where –

    a. there is reason to believe that employees' past experience will influence a negative judgement about the leadership's abilities or integrity.

    b. employees are unfamiliar with the leadership or the leadership remains detached from employees.

In addition to these three policy areas, there is also a need to ensure that the strategy for depth and speed of the merger is consistent for integration of policy and process and the combining of people across both organizations. A situation where many of the operational functions of the two organizations have been integrated and yet there has been little contact between the employees should be avoided because this provides barriers to culture and an entrenchment of their personal and organizational identities with the pre-merger organizations. There is evidence in this study that this may lead to issues of resentment and non-cooperation between staff which may then impede the integration of operational functions.

8.2.3 Reflections and Limitations of the Study

When drawing conclusions on a research project Wallace and Wray (2006) identify the need for self-critical reflection that should consider any limitations of the work, learning from the experience of researching and how the research design could have been improved. In so doing, there is a need to review the overall process, including the research design, and reflect on those elements of the design process that may have influenced validity of the results. It is acknowledged in this section that, in hindsight, there are areas of the study relating to research design that could have been strengthened, overcoming potential issues of reliability and validity.

8.2.3.1 Survey design

The main aim of the study was to meet the three research objectives (i) investigate the level of importance of organizational justice; ii) enhance understanding of fairness by identifying and exploring the antecedents of this process; iii) determine the significance

of these relationships), and in general this was successfully accomplished. In particular, the research design was effective in assisting the accomplishment of the second and third objective and evidence is provided from the data obtained from the semi-structured interviews and second survey circulated during phases three and four of the study. Evidence supporting the hypotheses associated with the first research objective was also obtained from survey 1, which asked whether organizational justice was an important concept when evaluating the integration process. However, there are a number of potential limitations with both the research design and the instrument used in survey 1 that may influence the reliability and validity of the results, and these need to be acknowledged when evaluating the contribution of findings.

First, in Phase 1 the survey response suffered from an abnormal distribution of scores with a negative skew resulting in the use of non-parametric data analysis techniques meaning that there is a need to acknowledge the potential issue of reliability. In addition, because the use of assumption-free or non-parametric techniques excludes the ability to make inferences to population parameters, consideration should be given when applying external validity to the results. However, generalisability was not a primary objective of the study, and was not an intention for Phase 1, the objective of the first survey being to provide sufficient evidence that a case existed for an investigation into the concept of fairness in an acquisition or merger situation. The difficulty of identifying an existing measure that included items suitable for the purpose of determining the importance of organizational justice resulted in adapting a survey originally designed to capture different data. The consequence was that in answering the items of the survey, respondents favoured the answers 'fairly important' and 'very important' rather than 'no preference,' 'not very important' or 'not important.' The outcome in relation to the study is that the significance of importance was strongly emphasised. A strong preference towards importance also occurred for the variables organizational culture, team identity and organizational identity. Again, existing measures that included items suitable for determining the importance of these concepts were not available and therefore, in an attempt to avoid designing specific instruments existing measures were adapted for the purpose. As an alternative to identifying suitable existing measures, the researcher considered designing his own survey. This would have allowed him to construct items that fit the purpose better and offered the potential to overcome difficulties encountered with trying to measure a construct with items that

had been designed for another purpose. The development of a construct designed with a specific intention of measuring the importance of the concepts justice, identity and culture, may have overcome the problems encountered with construct validity. However, it was considered that the existing measures selected for the survey provided an advantage because they had been constructed by leading scholars in the field, had been well cited and also had already been validated for their purpose. In addition, they were found to have a high level of internal consistency in their original form. At the stage of research design, there appeared to be sufficient evidence to justify their inclusion in the study although, in hindsight, developing a measure specifically designed for the purpose may have provided a more reliable alternative.

It is also considered that common method bias had a potential influence on the results of the first survey. The consistency effect whereby respondents try to maintain consistency between their cognitions and attitudes may have been a factor in returning such consistently strong results across all variables. In relation to this, the effect of item priming due to respondents' awareness that they were being questioned about their perceptions of fairness in relation to the merger was another potential cause of common method bias, and this may have also been prevalent in the Phase 3 and Phase 4 surveys. Another consideration from the first survey is that because the measure was primarily investigating the subject of organizational justice, this may have led to a situation where employees who had experienced unfairness from the process were more likely to respond, leading to a non-response bias supporting the importance of justice. Taking these potential issues of reliability into account may give cause to question whether the strong support for importance of fairness was over-emphasised at the Business School. However, further evidence of support for the concept of fairness was provided during the semi-structured interviews conducted in Phase 2 and through the responses collated from the open question at the end of the Phase 3 and Phase 4 surveys. Therefore, there still appeared to be sufficient evidence from this study that employees from both organizations perceived fairness to be an important concept in relation to merger outcomes, although for reasons suggested it would appear that strength of that attitude may have been over-reported.

There is also a need to acknowledge that asking staff at the Business School to complete a second survey may have influenced the low response achieved and, in turn, may have

encouraged a situation of non-response bias in the results achieved from Phase 3. This could have been overcome by either combining the two surveys or re-designing this element of the study, removing the need for Survey 1. The intention of Survey 1 was to provide supporting evidence that organizational justice was an important influence in an employee's evaluation of the merger process. On reflection, the requirements of the study's first objective could have been met by incorporating it into the qualitative phase of the research design. An extension of this phase followed by the survey introduced in Phase 3 (which subsequently would have become Phase 2), seeking confirmation of the main findings from the interviews through hypothesis testing, would have eliminated the need for respondents to return to a second survey, and therefore raised the possibility of increasing the response rate. This procedure would also have eliminated the problems incurred from the first survey, therefore increasing the effectiveness of the early part of the study and also enhancing its efficiency while still meeting all three study objectives. In the event of eliminating the first survey and addressing the first research objective in the series of semi-structured interviews, the study could have been simplified by reducing it from four phases to three phases.

As already acknowledged, the response rate from the Business School was more disappointing than had been anticipated for both the first and second survey, and this was particularly evident in the second survey. Whereas large samples generally produce small standard errors and increase the statistical power of the hypothesis tests (Fyfe-Shaw, 2000), the reverse can be said of small samples. Low response rates reduce the credibility of the assertion that the sample is representative of the population. In such a case, can it be reliably claimed that the research conforms to a sufficient standard of internal and external validity? In due consideration, it is acknowledged that in Phase 1 and Phase 3 the number of responses to each of the surveys administered was considerably fewer than had been expected, and that this should be carefully deliberated when considering external validity of the results obtained. The concern was that although the number of observations to each independent variable was in advance of the minimum level advised for statistical analysis, it did not quite achieve the desired level. The outcome of such an event raises the possibility of bias in the results and caution should be applied when considering their generalisation to other merger and acquisition situations outside of this context. However, there is cause to believe that small sample size was less intrusive on internal validity. As discussed, proportionality of the research

sample that responded was broadly representative of the research population (Business School employees) and therefore the issue was not assigned to the population characteristics identified in the study (see section 5.3.8.1 and section 5.5.9.1).

8.2.3.2 Interview sample characteristics

Because the interviewees that took part in the Phase 2 interviews were included on a self-selecting basis, there is a need to take into consideration that this may also have influenced sample characteristics of those taking part. The invitation to self-nominate was offered at the end of the first survey leading to the situation where those who agreed to take part in Phase 2 were limited in representation to the sample that had completed Survey 1. Therefore, it should follow that if the sample who took part in the first survey was affected from non-response bias, then the interviewees involved in Phase 2 may also have been affected by a bias towards those who were more inclined to feel they had suffered an injustice, and therefore the internal validity of the results from Phase 2 needs to be carefully considered. However, it should also be recalled that the second research objective was to investigate the relationships that determined the cognitive processing of fairness judgements and there is sufficient evidence from this element of the study to support the requirements of this objective being fulfilled. In addition to those members of staff interviewed who expressed opinions of unfair treatment, there were also expressions of positive feelings about the merger and a number of staff identified opportunities for themselves that may develop because of the integration. Taking this into consideration, representation from both sides of the fairness principle has been considered in the results. An additional strength in Phase 2 was that the high response rate offered good representation in relation to job type, gender, hierarchy and location, which further mitigates an association with a bias of representation.

8.2.3.3 Model development

Upon reflection, the construction of a model representing outcomes of the Phase 2 interviews could subsequently have been applied to inform development of the Phase 3 and Phase 4 hypotheses. The development of a model may have been beneficial to the researcher and, potentially, would have provided the reader with a clear and concise

explanation of the transition from Phase 2 to Phase 3. Although, it was considered at the time that the development of a coding template and hierarchical themes (see Appendix I) as an analytical tool, and supporting Narrative of Themes, provided the researcher with a structured model from which he could then develop the hypotheses that were to guide the design of Phase 3 and Phase 4. However, it is acknowledged that the construction of a model would have depicted the cognitive development of the hypotheses.

8.2.3.4 Contextual factors

The research has been undertaken in relation to two mergers in the public sector and therefore before generalising the findings contextual factors, such as dynamics of integration type (e.g. merger v acquisition) and differing industry sectors, should be carefully considered. The initial difficulties of gaining access to organizations that had recently been engaged in the process of a merger or acquisition was the biggest single obstacle to conducting the research in a context of preferred choice. Early ambitions were to obtain data from organizations in the private sector that were more likely to pursue integration objectives influenced by efficiencies resulting from economies of scale and scope through consolidation of resources, emphasising and raising awareness to the concept of justice. However, despite this perceived limitation of the study there are many similarities with the dynamics of a private sector combination such as, the complexities of integrating two very different cultures and the difficulties of transferring organizational identities to the newly assimilated entities. In addition, because of the disparity in size of the two organizations that merged to form the business school coupled with a very different change of strategic focus for the university employees, there were similarities in the change dynamics to those of an acquisition.

8.2.3.5 Cross-sectional design

Due to factors of temporal constraint it was not feasible to undertake longitudinal research and therefore it has not been possible to establish cause and effect of change in the study variables. Cross-sectional research designs are limited by the fact that they are carried out at one time point and give no indication of the sequence of events. Therefore, inferring causality is not possible. However, cross-sectional studies are

appropriate where there is a requirement to indicate associations that may exist. From the outset, the objectives of this study were to establish such relationships and therefore a cross-sectional research design was appropriate for the intended outcomes.

Further research on the subject of organizational justice in the process could investigate employee change in attitude towards fairness before and after the implementation of a merger, thereby raising the prospect of identifying causation of those changes. In this case a longitudinal research design would be essential. In the current research project, the study objectives did not seek to determine cause and effect relationships and therefore a longitudinal design was not considered of consequence to the validity of the results.

8.2.3.6 Time considerations of Phase 4 survey

There was a time lapse of nine years between the date of the NHS Trust merger and data collection in Phase 4, which increases the possibility of retrospective recall (remembering or not remembering experiences or events that occurred at some point in the past) and therefore raises the prospect of bias in response. The potential bias identified here should also be considered for its impact on the reliability of the results from the Phase 4 survey. Nevertheless, in general, the results obtained from Phase 4 supported the results obtained from the Phase 3 survey introduced only two years following the announcement of the merger at the Business School. It is this convergent validity between the results from the two separately administered surveys that offers a level of confidence that retrospective recall may not have been a factor of major influence on the results obtained from Phase 4. In addition, the nine-year time lapse also raised an opportunity to research long-term attitudes of staff members towards the event of the merger and the subsequent re-organization of policies and procedures once they had been embedded into working practice. The superior response rate of staff members to the survey introduced (in comparison to employees of the Business School) indicated that emotions of staff towards the changes instigated by the merger were still evident. It also provided a temporal dimension to the study, enabling a comparison of employee attitudes towards a merger after a two-year time frame and a nine-year time frame.

8.2.3.7 Summary of reflections and limitations

In summary, it is considered that there are a number of limitations of the research that should be acknowledged and any potential influence they may have on the contribution of the findings needs to be identified. In particular, there is potential that the wording of some items in the first survey led to an abnormal distribution of results, and it is proposed that this affected the measure's ability to discriminate between levels of importance of perceived fairness. In this case construct validity has been compromised, which raises questions about the overwhelming strength of response towards the concept of perceived importance of fairness. Therefore, it is acknowledged that although the results of the Phase 2 interviews provide further evidence to support the importance of fairness in this context, the strength of importance may be weaker than proposed from the Phase 1 survey results. Furthermore, it is considered that the event of including a second survey at the Business School may have affected the rate of non-response, reducing the size of the sample to that below the desired level for a survey of this nature, even though the minimum level identified for the survey was achieved. The nine-year gap between the merger implementation and data collection at the NHS Trust may have provoked the problem of retrospective recall, encouraging bias in the survey response. However, because the results from the Phase 4 survey offer a degree of convergent validity with those obtained from the Phase 3 survey there is evidence that these results are indeed reliable and therefore their contribution to the study is considered valid. As already conveyed, the aims and objectives of this study were not primarily focused on generalising to the contexts of other mergers or acquisitions, but designed to develop understanding of the dynamics of human behaviour during a period of such change. The primary aim was to develop debate that would inspire further research into the concept of fairness in the dynamic contexts of merger and acquisition change management, and recommendations for future research are proposed.

8.3 Recommendations for Future Research

Factors identified as limitations of the research act also, in part, as motivation for future research projects and recommendations should be considered. This study has attempted to increase knowledge of a relationship for which there has been little research conducted, and therefore the scope to expand on the findings is considerable. A number of complex relationships that form part of the main antecedents of organizational justice

within the context of a merger or acquisition have been identified and explored for their significance but the research on this occasion was cross-sectional, restricting the ability to determine cause and effect. **Longitudinal research** to test the relationship between the antecedents of organizational justice that have been identified in this study and psychological contract breach will help to ascertain those factors that are most influential to this relationship. Longitudinal research conducted pre- and post-merger implementation will be of particular interest to scholars interested in understanding the dynamics of the relationship between perceived unfairness and the development of change resistance in the workplace.

It is expected that the **model of integration** (e.g. merger v acquisition, public/private sector) will provide differing sets of dynamics but the challenge for the researcher is to avoid purely considering the relationship between integration models and expectations of employee attitudes and behaviour (e.g. public sector merger = lower employee resistance than a private sector acquisition). Following the findings from this study the drivers of employee behaviour and commonalities that emerge may well be more strongly identified with the policies and procedures of the organization such as leadership style, communication strategy and relationships between the senior management and their workforce. It will be of particular benefit if these factors are pursued and compared in other studies In particular, the following variables have been influential to this study, and a deeper awareness of their impression on employee perception will be beneficial in understanding individual attitudes and behaviour.

8.3.1 Communication

Because it featured so predominantly in this study, there is a need to develop a greater awareness of the effects of perceived unfairness in communication (interactional justice) of the distributions made during the merger and consequential employee outcomes, such as psychological contract breach, affective commitment and intentions to leave. In particular, authority's use of justification for their actions is an area of interactional justice that featured prominently and the effectiveness of different forms of social accounts upon fairness would help to develop understanding in this important area of communication. Developing knowledge of the relationship between justification and

psychological contract breach when taking into consideration the effect of social accounts will also be beneficial for practical implications.

8.3.2 Identity and Culture

At both the business school and NHS Trust, one of the barriers to the transformation of cultures and identities was ascertained as feelings of unfairness. While previous research has been conducted into the effects of identity and culture in a merger or acquisition there is a requirement to develop their relationship with organizational justice in this context, and in particular, how this would impact the employee's perception of psychological contract breach. Continuing with work commenced within this study, further exploration is required to recognise the factors that are perceived as unfair and result in barriers to the integration and transformation of cultures and identities.

8.3.3 Trust in Leadership

Within this study, four dimensions of trust between the employee and their leadership were recognised. Actions of the leadership played a prominent role in employee evaluation of the business school merger and trust became a divisive issue in how fairness was perceived. Further research to investigate the level of influence each of these four dimensions has on employee perceptions of justice, and what effect, if any, their involvement in the process has on the levels of each of the four dimensions of trust.

8.3.4 The Effect of Integration Typology

This research has been conducted in two public sector mergers and while there may be consistencies with other types of merger or acquisition it would be beneficial to compare the findings with those from similar studies repeated in other contexts. It would be particularly beneficial to compare the findings with mergers in the private sector where, because of differing strategic objectives, the dynamics of integration may be dissimilar from those in the public sector.

The effect of acquisitions on employee attitudes and behaviours may be even more pronounced and a particular contrast would be between the dynamics of hostile and friendly acquisition. Equally, the level of integration may be a principal factor in determining employee outcomes and therefore comparing these dynamic relationships within the contrasting contexts of, for example, a horizontal merger or acquisition and a concentric merger or acquisition would, once again, be helpful in the development of knowledge.

8.4 Summary

In meeting the research objectives, there have been a number of important findings to emerge from this research and it is hoped that this will inspire future discussion about the practices of change agents responsible for designing and implementing the integration of organizations. It is also hoped that this research begins to fill the large gap in knowledge, left unexplored by a distinct lack of empirical research into the behaviour of individuals affected by the change processes of a merger or acquisition, and, in turn, the impact of this behaviour on the organization. In addition, practical implications were discussed and policy recommendations have also been considered. Recommendations for future research include further work on the effect of communication and trust in leadership on perceived fairness, in addition to further exploring the dynamics of the tripartite relationship between culture, identity and organizational justice. Because there is an expectation that different situational factors will encourage a variation in the findings, there is also a need to conduct this research within divergent mergers and acquisition typologies.
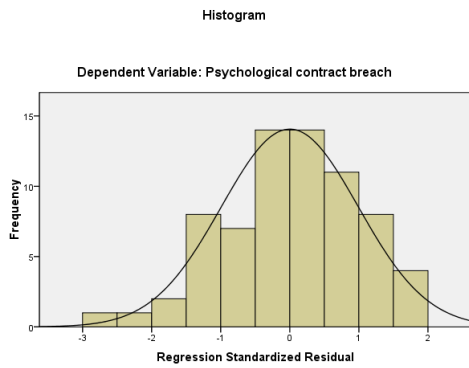
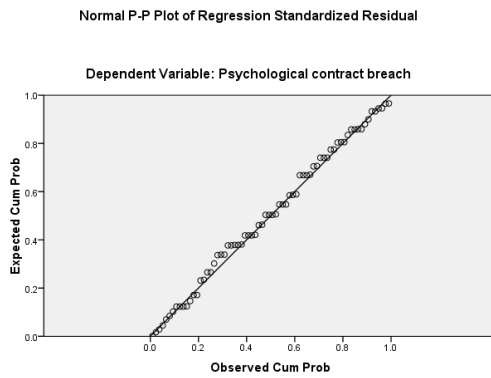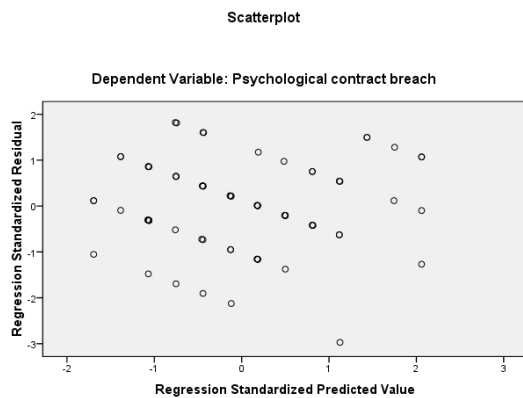# Appendix A

Phase 3 Assumptions

Hypothesis 1
Figure A1

Histogram

Dependent Variable: Psychological contract breach

Hypothesis 2
Figure A4

Histogram

Dependent Variable: Psychological contract breach

Figure A2

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Psychological contract breach

Figure A5

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Psychological contract breach

Figure A3

Scatterplot

Dependent Variable: Psychological contract breach

Figure A6

Scatterplot

Dependent Variable: Psychological contract breach

Hypothesis 3

Hypothesis 4

Figure A7

Figure A10

Histogram

Dependent Variable: Psychological contract breach

Histogram

Dependent Variable: Psychological contract breach

Figure A8

Figure A11

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Psychological contract breach

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Psychological contract breach

Figure A9

Figure A12

Scatterplot

Dependent Variable: Psychological contract breach

Scatterplot

Dependent Variable: Psychological contract breach

Hypothesis 5
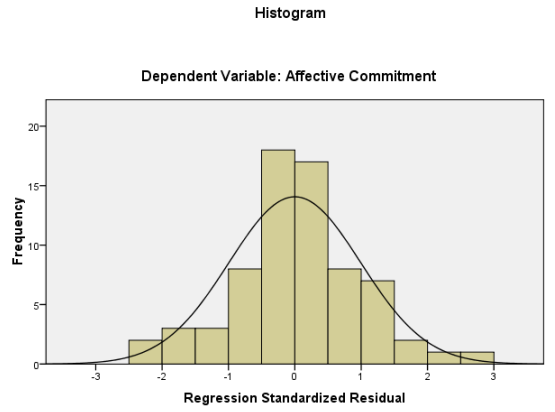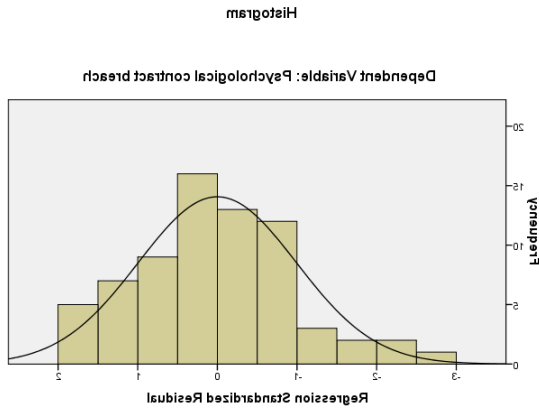
Figure A13

Figure A14

Figure A15

Hypothesis 6
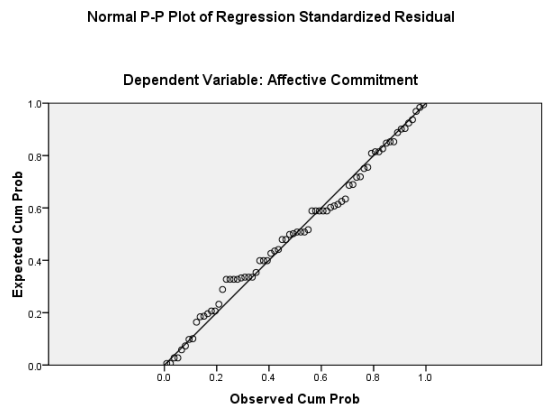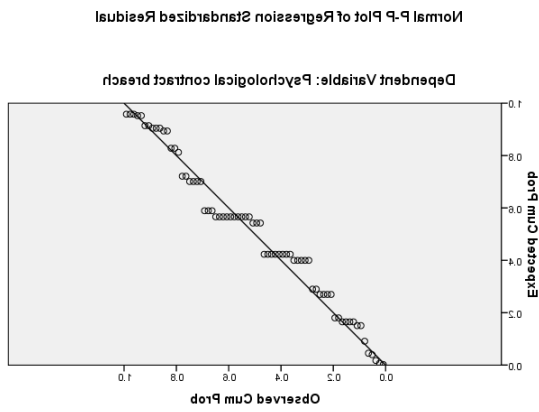
Figure A16

Figure A17

Figure A18

Hypothesis 7

Figure A19

Histogram

Dependent Variable: Intention to leave

Figure A20

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Intention to leave

Figure A21

Scatterplot

Dependent Variable: Intention to leave
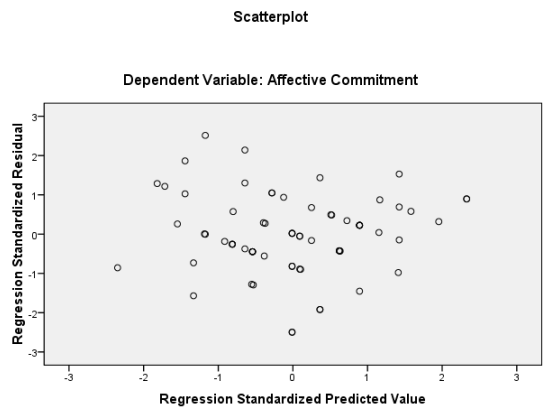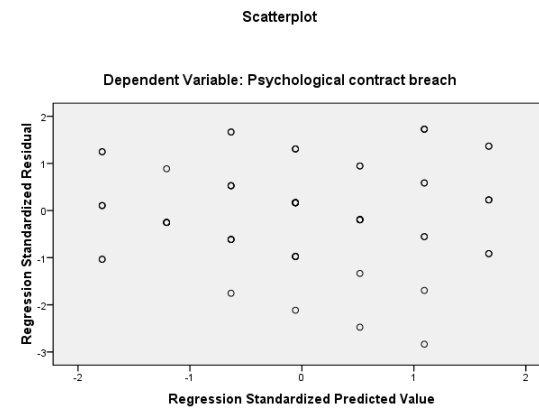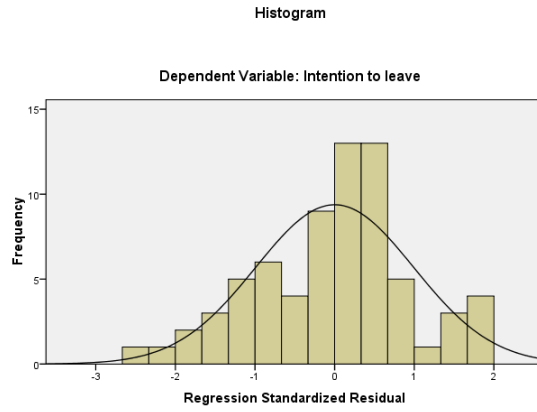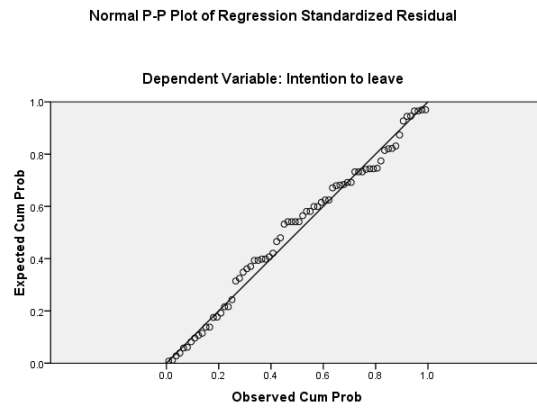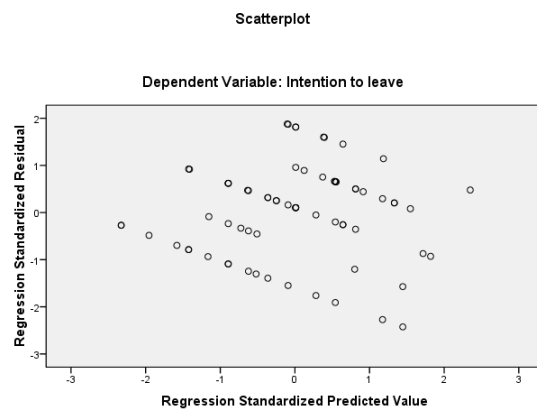
Appendix B

Phase 4 Assumptions

Hypothesis 1

Hypothesis 2

Figure B1

Figure B4

Histogram

Dependent Variable: Psychological contract breach

Histogram

Dependent Variable: Psychological contract breach

Figure B2

Figure B5

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Psychological contract breach

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Psychological contract breach

Figure B3

Figure B6

Scatterplot

Dependent Variable: Psychological contract breach

Scatterplot

Dependent Variable: Psychological contract breach

Hypothesis 3

Figure B7

Hypothesis 4

Figure B10
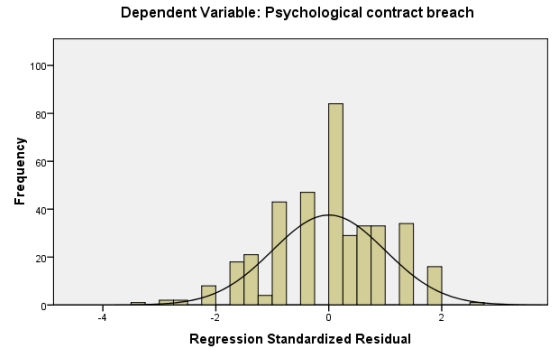
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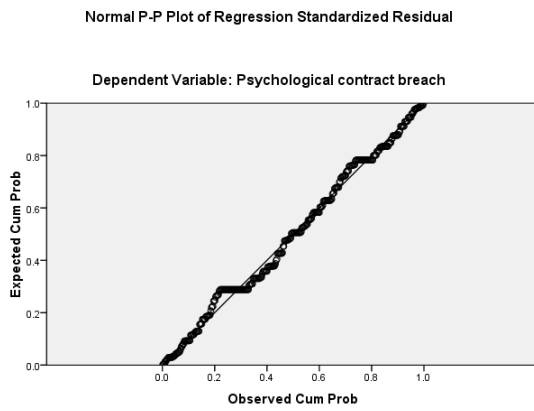
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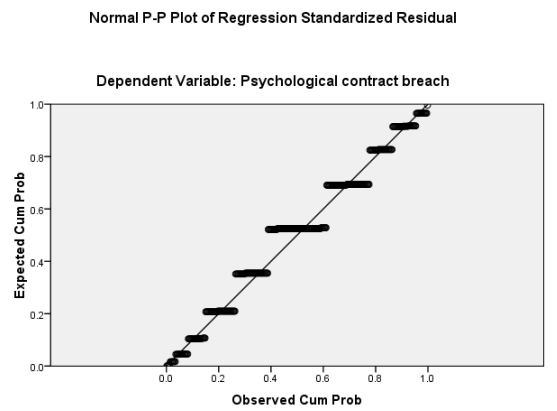
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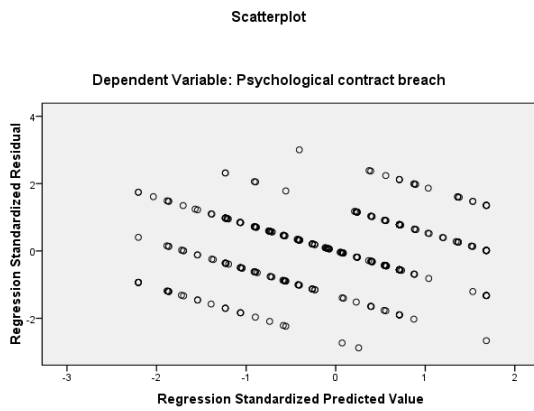
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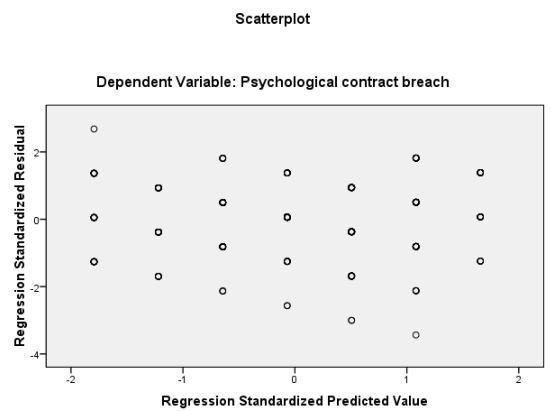
Hypothesis 5

Hypothesis 6

Figure B13

Figure B16

Dependent Variable: Psychological contract breach

Histogram

Dependent Variable: Affective Commitment

Figure B14

Figure B17

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Psychological contract breach

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Affective Commitment

Figure B15

Figure B18

Scatterplot

Dependent Variable: Psychological contract breach

Scatterplot

Dependent Variable: Affective Commitment

Hypothesis 7

Figure B19

Histogram

Dependent Variable: Intention to leave

Figure B20

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Intention to leave

Figure B21

Scatterplot

Dependent Variable: Intention to leave

Appendix C

Phase 3 Histogram of Distributions

Figure C1

Figure C4

Figure C2

Figure C5

Figure C3

Figure C6

Figure C7

Appendix D

Phase 4 Histogram of Distributions

Figure D1   Distributive Justice
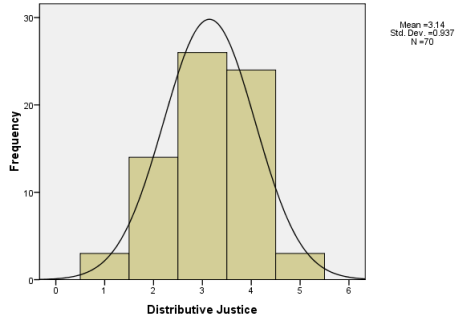
Figure D5   Affective Commitment
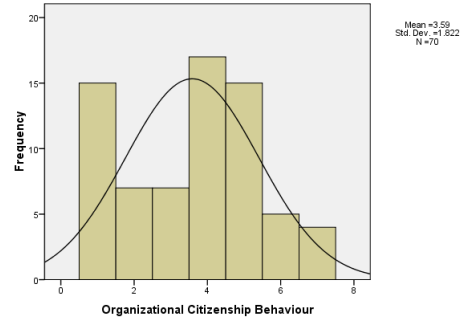
Figure D2   Procedural Justice

Figure D6   Intention to leave

Figure D3   Interactional Justice

Figure D7   Psychological contract breach

Figure D4   Organizational Citizenship Behaviour
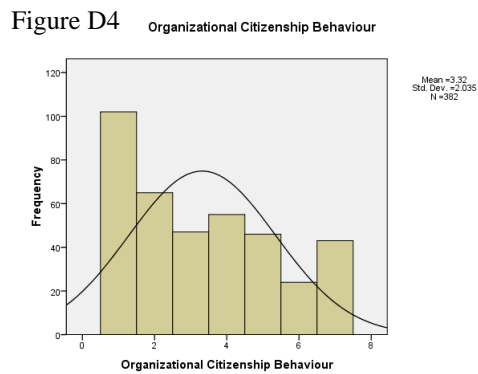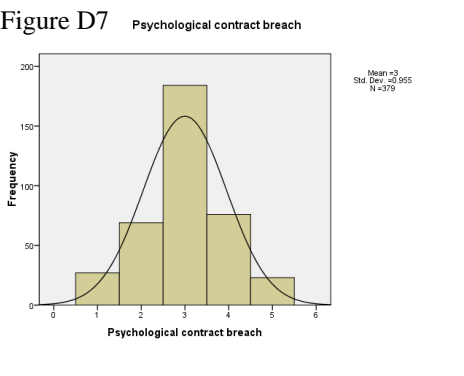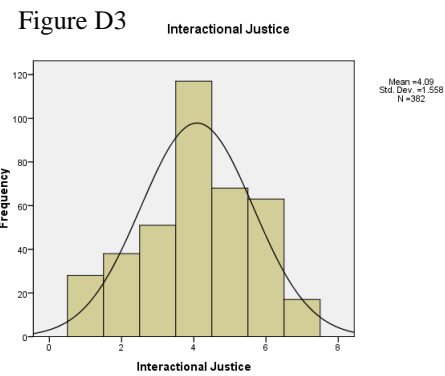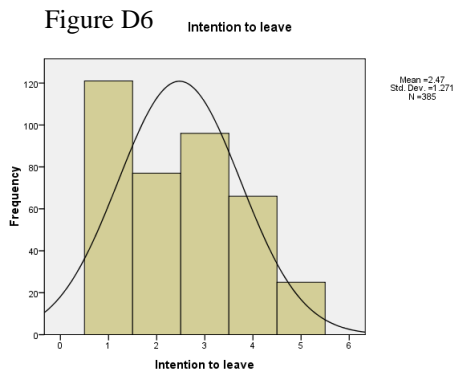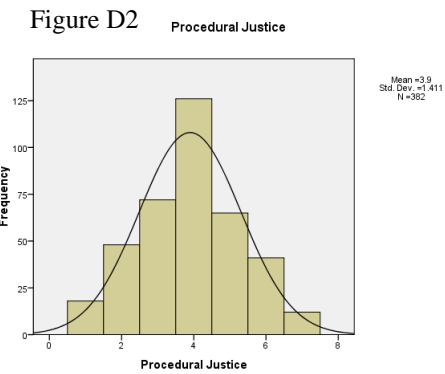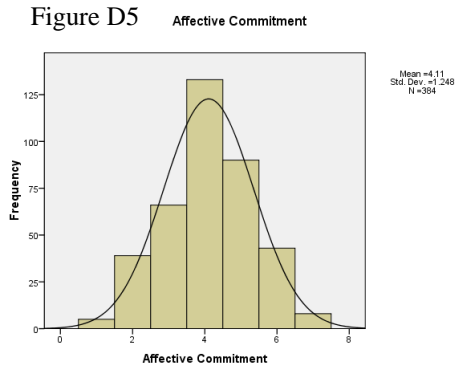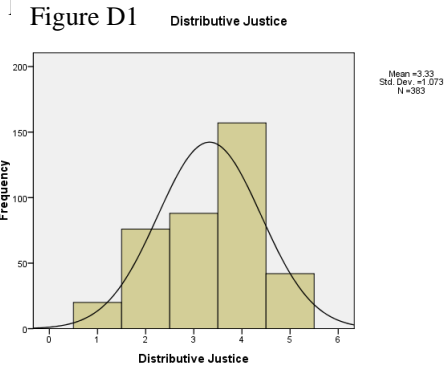
Appendix E

Letter of Introduction

Dear [**Recipient Name**]:

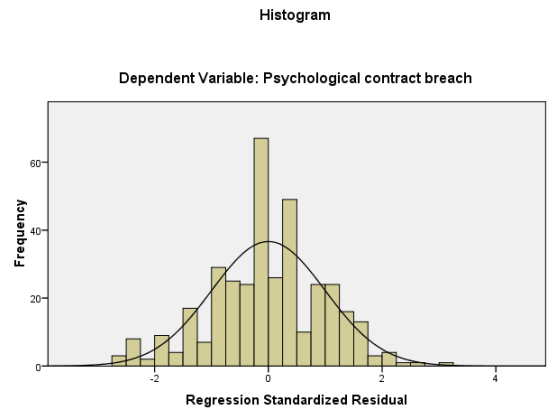I am a second year Doctoral researcher at the University of Leeds, and for my thesis I am investigating the effect of employees' perceptions of organizational justice on the merger and acquisition process. I understand that your organization is currently going through a merger, and I am interested in the possibility that it might be involved in my study. Although my research is intended to contribute to the body of knowledge in my field in general, I am confident that findings might be of significant benefit to your organization specifically.

I have personal experience of mergers having joined General Accident before its link up with Commercial Union in 1998 and the subsequent merger of the CGU company with Norwich Union in 2000. Much of my present academic interest in the behavioural consequences of mergers stems from this experience.

My intentions are two-fold:
- i) To establish whether organizational justice is important to individuals in their evaluation of a merger, and
- ii) from the individual's perspective, establish the main effects of perceived organizational justice within a merger or acquisition.

Data collection will be by means of questionnaires and a limited number of semi-structured interviews with a range of staff. This will enable me to assess attitudes and opinions of individuals as well as explore their concept of organizational justice and the determinants of its perception. I should be pleased to send you further details of the proposed study on request. At this stage I am not including full details of my research design, but can do so if required.

I should be very grateful if you would agree to help me with my study, and return the attached pro-forma in the reply paid envelope enclosed. If your organization is able to participate I shall contact you on receipt to confirm arrangements. Alternatively, if you wish to contact me by e-mail, my address details are above.

If you require any further information please do not hesitate to get in touch.
Yours sincerely,

Nicholas Jackson (Mr)

Appendix F

Attitudes towards a Merger

Dear participant,

In 2008 xxxxxx was involved in a merger with xxxxxx. To assist me with my Doctoral research, I should be grateful if you would take part in a survey to better understand aspects of the merger process between two or more organizations. Your answers are essential in an attempt to progress an area of research that is currently much under-developed.

There is no need to spend too long on any one question; your first thoughts are usually your best. The questionnaire should take no more than 10 minutes to complete.

Your response will be kept *strictly confidential*, and only I will have access to the information you provide. Any data shared with the organization will be collective and unattributable. The research is subject to guidelines set out by the **British Psychological Society**.[1]

I hope you find the questionnaire clear and easy to follow, but in the event that I have failed to provide enough clarity, if you have any queries, or you would simply like further information about this project, please contact me at the following e-mail address: bnnj@leeds.ac.uk.

May I take this opportunity to thank you. Your support in this research is greatly appreciated.

Nick Jackson
Leeds University Business School
Maurice Keyworth Building
University of Leeds
Leeds LS2 9JT

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[1] Can be viewed at: http://www.bps.org.uk

Section 1: Background

1.   Are you male or female?

□ Female   □ Male

2.   What is your nationality (e.g. British, Japanese, Canadian etc.)?

_____

3.   Please indicate your generic role:

□ Academic   □ Non Academic

4.   Please state your job title: _____

5.   How long have you worked for the organization?   …… yrs   .… mths

6.   How long have you been employed in your current role?   ...... yrs   .... mths

7.   Please state your age (in years):   ……….

Section 2: The Importance of Your Workplace Outcomes

When answering the questions, **think back to the merger with respect towards procedures, rewards, and general treatment**. For each statement, indicate **how you judge its level of importance** by circling the appropriate response.

The following statements refer to the procedures used during the merger to arrive at your outcomes. *From your experience, how important do you feel it is that …*

	Not important	Not very important	No preference	Fairly important	Very important
8. .... you are able to express your views and feelings during those procedures.	1	2	3	4	5
9. .... you have influence over the outcome arrived at by those procedures.	1	2	3	4	5
10. .... the procedures have been applied consistently.	1	2	3	4	5
11. .... the procedures are free from bias.	1	2	3	4	5
12. .... the procedures are based on accurate information.	1	2	3	4	5
13. .... you are able to appeal the outcome arrived at by those procedures.	1	2	3	4	5
14. .... the procedures uphold ethical and moral standards.	1	2	3	4	5

Again, cast your mind back to the merger and the decisions made that affected your outcomes. For each statement, indicate **how you judge its level of importance** by circling the appropriate response.

The following statements refer to your outcome. ***To what extent do you feel it is <u>important</u> that your outcome (reward) …***

	Not important	Not very important	No preference	Fairly important	Very important
15. .... reflects the effort you put into your work.	1	2	3	4	5
16. .... is appropriate for the work you have completed.	1	2	3	4	5
17. .... reflects what you have contributed to the organization.	1	2	3	4	5
18. .... is justified, given your performance.	1	2	3	4	5

The following statements refer to the way you were treated by authorities at the time of the merger.
 To what extent was it <u>important</u> that …

	Not important	Not very important	No preference	Fairly important	Very important
19. …. they treated you in a polite manner?	1	2	3	4	5
20. …. they treated you with dignity?	1	2	3	4	5
21. …. they treated you with respect?	1	2	3	4	5
22. …. they refrained from improper remarks or comments?	1	2	3	4	5
23. …. they were candid in their communication with you?	1	2	3	4	5
24. …. they explained the procedures thoroughly?	1	2	3	4	5
25. …. their explanations regarding the procedures were reasonable?	1	2	3	4	5
26. …. they communicated details in a timely manner?	1	2	3	4	5
27. …. they seemed to tailor their communications to individual's specific needs?	1	2	3	4	5

Section 3: The Importance of Culture
Following the change experienced from the merger, and with consideration to the new working environment that emerged, please indicate how important you find the following statements.

i.e. it is important/not important that ….

	Not Important	Not very important	No preference	Fairly important	Very important
28. .... people I work with are direct and honest with each other.	1	2	3	4	5
29. .... people I work with accept criticism without becoming defensive.	1	2	3	4	5
30. .... people I work with function as a team.	1	2	3	4	5
31. .... people I work with constructively confront problems	1	2	3	4	5
32. .... people I work with are good listeners.	1	2	3	4	5
33. .... labour and management have a productive working relationship.	1	2	3	4	5
34. .... the organization motivates me to put out my best efforts.	1	2	3	4	5
35. .... the organization respects its workers.	1	2	3	4	5
36. .... the organization treats people in a consistent and fair manner.	1	2	3	4	5
37. .... there is an atmosphere of trust in the organization.	1	2	3	4	5
38. .... the organization motivates people to be efficient and productive.	1	2	3	4	5
39. .... I get enough information to understand the big picture here.	1	2	3	4	5
40. .... when changes are made, the reasons why are made clear.	1	2	3	4	5
41. .... I know what's happening in work sections outside of my own.	1	2	3	4	5
42. .... I get the information I need to do my job well.	1	2	3	4	5

Following the change experienced from the merger, and with consideration to the new working environment that emerged, please indicate how important you find the following statements.
i.e it is important/not important that ….

	Not important	Not very important	No preference	Fairly important	Very important
43. …. I have a say in decisions that affect my work.	1	2	3	4	5
44. …. I am asked to make suggestions about how to do my job better.	1	2	3	4	5
45. …. the organization values the ideas of workers at every level.	1	2	3	4	5
46. …. my opinions count in the organization.	1	2	3	4	5
47. …. job requirements are made clear by my supervisor.	1	2	3	4	5
48. …. when I do a good job my supervisor tells me.	1	2	3	4	5
49. …. my supervisor takes criticism well.	1	2	3	4	5
50. …. my supervisor delegates responsibility.	1	2	3	4	5
51. …. my supervisor gives me criticism in a positive manner.	1	2	3	4	5
52. …. my supervisor is a good listener.	1	2	3	4	5
53. …. my supervisor tells me how I am doing.	1	2	3	4	5
54. …. decisions made at meetings get put into action.	1	2	3	4	5
55. …. everyone takes part in discussions at meetings.	1	2	3	4	5
56. …. our discussions at meetings stay on track.	1	2	3	4	5
57. …. time in meetings is time well spent.	1	2	3	4	5
58. …. meetings tap the creative potential of the people present.	1	2	3	4	5

Section 4: The Importance of Identity
Following the change experienced from the merger, and with consideration to the new working environment that emerged, please indicate how important you find the following statements about your work team.
i.e. it is important/not important to me that ….

	Not important	Not very important	No preference	Fairly important	Very important
59. .... I identify with my work team in general.	1	2	3	4	5
60. .... I identify with individual members of my work team.	1	2	3	4	5
61. .... I feel strong ties with my work team.	1	2	3	4	5
62. .... I feel attached to my identity as a team member.	1	2	3	4	5
63. .... I feel a strong sense of solidarity with other work team members.	1	2	3	4	5
64. .... I value being a member of this work team.	1	2	3	4	5
65. … I define myself as a member of the new organization	1	2	3	4	5
66. … I am pleased to be a member of the new organization	1	2	3	4	5
67. … I feel strong ties with members of the new organization	1	2	3	4	5
68. … I identify with other members of the new organization	1	2	3	4	5

Section 5

Are there any further comments relating to the merger that you would like to add?

That is the end of the questionnaire. Thank you for your time taken to complete it. *Please can you use the reply paid envelope to return your completed questionnaire to me.*

Further Research

As part of this research into the issue of fairness in mergers and acquisitions, a series of interviews are planned with those members of staff who worked for the organization at the time of the merger. The importance of your participation in these interviews is to better understand the major factors that influence our perception of fairness during the course of a merger.

Please indicate if you are willing to participate in an interview, by providing your name and department/location details below.

....

If you would like me to provide feedback of the results obtained from this survey, please provide your name and e-mail/contact details below.

....

Many thanks for your co-operation.

Appendix G

Operationalisation of Phase 2 Research Question

	Within the context of a merger, what are the key variables that influence an employee's perception of organizational justice?

Dimension 1 Distributive Justice	Dimension 2 Procedural Justice	Dimension 3 Interactional Justice

Elements

	Dimension 1		Dimension 2		Dimension 3
1:1	Importance of outcomes (Leventhal, 1980)	2:1	Importance of procedures (Folger & Cropanzano, 1998; Group Value Model, Lind & Tyler, 1988)	3:1	Importance of communication (Bordia et al., 2004)
1:2	Basis of outcomes: equity, equality, need (Meyer, 2001)	2:2	Involvement in procedures (Thibaut & Walker, 1975)	3:2	Personal treatment (Masterson et al., 2000)
1:3	Basis for referent others (Referent Cognitions Theory, Folger, 1993)	2:3	Recognition of knowledge, skills & abilities (Gilliland, 1993)	3:3	Informational justice
1:4	Social influence (Social Information Processing Theory, Salancik & Pfeffer, 1978)	2:4	Expectations (Anticipatory Justice, Citera & Stuhlmacher, 2001)	3:4	Trust in authorities (Van den Bos, 2001)
		2:5	Moral and ethical values (Value Protection Model, Skitka, 2002)	3:5	Affective influence (Van den Bos, 2003 Situations of information uncertainty; subjective-affective v rational-cognitive model of evaluation)

Design based on Sekaran's (2003, pp176-184) model: *operationally defining a concept*

Opening question: *Tell me what you feel about the merger.*				

Theme no.	Action	Designation	Element No.	Question no.
1	Subject of discussion	Perceived importance of the three organizational justice dimensions.	N/A	N/A
	Context	Change undertaken during the merger that affected the interviewee.	N/A	N/A
	Question	What do you consider to be of most importance – a) the change itself? b) how decisions were made effecting the change? c) how the change was communicated?	1:1, 1:2, 1:3	N/A
	Probe	What single factor mattered most to the interviewee when considering fairness in (a or c?) – if 'b' go to theme 2.	1:1, 1:3	N/A
	Prompt	*Distributive* – personal belief (merit, equality, need). A point of reference (e.g. colleague, previous experience). Social influence. Moral ethical values. *Interactional* – individuals involved. Method used. Trust/uncertainty.	1:2 1:3 1:4 2:5 3:4 3:3 3:5	N/A
2	Subject of discussion	Procedures and information.	N/A	N/A
	Context	Procedures used to form the decision-making process.	N/A	N/A
	Question	Thinking about the decisions made to introduce changes during the merger process, what was most important to you about how those decisions were made?	2:1	69
	Probe	Do you feel those decisions were influenced by the use of inaccurate information? Biased judgements? How does this make you feel?	N/A	12 & 69 11 & 69 11, 12 & 69
	Prompt	Voice. Recognition of skills and abilities; Expectations.	2:2 2:3, 2:4	8, 9, 13 & 69 69

Theme no.	Action	Designation	Element No.	Question no.
3	Subject of discussion	Process control.	N/A	N/A
	Context	Change undertaken during the merger that affected the interviewee.	N/A	N/A
	Question	Were you or your colleagues invited to become involved in the decision-making process that resulted in these changes?	2:2	8, 9, 13 & 69
	Probe	Did you expect yourself, or others, to become involved or have influence in the decision-making process?	2:2, 2:4	8, 9, 13 & 69
		Was this level of involvement acceptable to you?	2:2, 2:4	8, 9, 13 & 69
		How did this make you feel?	2:2, 2:4	8, 9, 13 & 69
		Did this have any influence on your overall perception of the merger?	2:4	69
	Prompt	Expectations.	2:4	69
		Knowledge, skills and abilities.	2:3	69
4	Subject of discussion	Allocations.	N/A	N/A
	Context	Outcomes that affected the interviewee from the changes being undertaken.	N/A	N/A
	Question	There are 3 recognised methods of distribution: merit, equality, and need. In general, which of these methods do you feel is a better representation of fairness in the workplace?	1:2	15-18
	Probe	Do you think there have been any aspects of the merger that you would call unfair?	N/A	69
		If so, is this because of the distribution method used?	1:2	15-18 & 69
	Prompt	Harmonisation of terms and conditions.	1:2	69
		Pay scales.	1:2	69
		Brand identity.	1:2	N/A

Theme no.	Action	Designation	Element No.	Question no.
5	Subject of discussion	Referent others.	N/A	N/A
	Context	Decision outcomes received by the interviewee during the merger	N/A	N/A
	Question	What would prompt you to feel that your experience from the merger change was unfair?	1:3	N/A
	Probe	Does it reflect the interviewee's contribution and effort?	N/A	15-18
		What is the interviewee's relationship with the comparison object?	1:3	N/A
		Why is the comparison object important to the interviewee?	1:3	N/A
	Prompt	Past experiences; other industry standards; other work teams in the organization; work colleagues; friends/family outside of organization.	1:3	N/A
6	Subject of discussion	Social influence.	N/A	N/A
	Context	Interaction with colleagues surrounding the merger.	N/A	N/A
	Question	How has the interviewee's colleagues reacted to the merger?	1:4	N/A
	Probe	What has been the level of agreement or disagreement? Reasons for their reactions. How do you feel about their reaction? How important was this interaction as a source of information about the merger?	1:4	N/A
	Prompt	Communication; cultures; brand loyalty/identity; working practices; terms and conditions.	1:4	N/A
7	Subject of discussion	Formal communication.	N/A	N/A
	Context	Formal communication of information during the merger process.	N/A	N/A
	Question	How do you feel about the way change was communicated?	3:1-3:5	19-27
	Probe	Personal treatment by authorities; Trust in communication and communicators; Justification of decisions/changes made. How could the communication have been improved? Any aspect of this process you deemed to be unfair?	3:2-3:5	19-23, 25 & 69
	Prompt	Truthfulness; Justification; Politeness/decency; Dignity. Complexity of messages; Consistency of messages. Methods (personally, en masse, line manager, senior manager). Frequency and timing.	All prompts motivated by: 3:2, 3:3, 3:4, 3:5	19-23, 25-26 & 69

Theme no.	Action	Designation	Element No.	Question no.
8	Subject of discussion	Trust in communication.	N/A	N/A
	Context	Formal communication of information during the merger process.	N/A	N/A
	Question	How would you describe your level of trust in the messages that were being formally communicated by authorities during the merger process?	3:3, 3:4, 3:5	23
	Probe	Familiarity with decision makers. What did you fear most from the communication? Was there a feeling of uncertainty about the communication or the communicators themselves?	All probes motivated by 3:5	All probes motivated by Q 69
	Prompt	All probes listed above at a senior level; strategic change; implementation. All probes listed above at local level; line manager.	All prompts motivated by: 3:5	All probes motivated by Q 69
9	Subject of discussion	Model of evaluation.	N/A	N/A
	Context	Evaluation of fairness within the merger process.	N/A	N/A
	Question	When considering fairness in the merger process, what would you identify as the main factors that have been most influential upon your judgement?	3:5	N/A
	Probe	Do opinions appear to be objectively constructed (e.g. moral reasoning)? What are the bases of these opinions? From where does the criteria/information evolve upon which the opinions are constructed?	All probes motivated by 3:5	N/A
	Prompt	Social influence. Comparisons/referent others. Trust. Experience.	1:4 1:5 3:4 1:3, 2:4	N/A N/A 23 N/A

Theme no.	Action	Designation	Element No.	Question no.
10	Subject of discussion	Moral and ethical values.	N/A	N/A
	Context	Morality and ethicality of the merger and/or changes resulting from the merger.	N/A	N/A
	Question	Has there been any point during the merger process where you feel the organization has contravened your expectation of moral and ethical values?	2:5	14
	Probe	Whether 'yes' or 'no,' how does this make you feel about the organization? Do you feel associated with, and therefore identify with this perception you hold about the organization's ethical and moral position? How does this make you feel about yourself (i.e. detached; proud to be a member etc)?	2:5	N/A
	Prompt	Communication. Distribution. Procedures used.	All dimensions 1, 2 & 3.	14
11	Subject of discussion	Anticipatory justice.	N/A	N/A
	Context	What were the interviewee's initial impressions of fair process at the beginning of the merger?	N/A	N/A
	Question	Can you recall your early thoughts and feelings at the beginning of the merger process?	2:4	N/A
	Probe	What do you think influenced these feelings? Was there any particular aspect that raised concerns about fairness?	2:4 2:4	N/A N/A
	Prompt	Social influence. Trust and familiarity with authorities. Identity change. Cultural change. Affective state.	1:4 3:4 3:5 3:5 3:5	N/A

Final Template

Level 1 Theme	Level 2 Theme	Level 3 Theme	Level 4 Theme	Level 5 Theme
1 Expectations				
	1.1 *a priori*			
		1.1.1 Expectation of change		
		1.1.2 Autocratic leadership		
			1.1.2.1 Voice	
			1.1.2.2 Disrespect	
			1.1.2.3 Recognition	
		1.1.3 Distrust		
			1.1.3.1 Intentions	
			1.1.3.2 Ability	
	1.2 Early merger			
		1.2.1 Uncertainty		
		1.2.2 Insecurity		
		1.2.3 Anxiety		
		1.2.4 Security		
	1.3 Future			
		1.3.1 Opportunities		
		1.3.2 Trust		
		1.3.3 Improve processes		
		1.3.4 Security		
		1.3.5 Insecurity		
		1.3.6 Uncertainty		
	1.4 Expected delivery			

Level 1 Theme	Level 2 Theme	Level 3 Theme	Level 4 Theme	Level 5 Theme
		1.4.1 Output		
		1.4.2 Terms and conditions		
2 Control				
	2.1 Process control (voice)			
		2.1.1 Distrust		
	2.2 Locus of control			
		2.2.1 Uncertainty		
		2.2.2 Autocratic leadership		
			2.2.2.1 a priori expectations	
			2.2.2.2 Voice	
3 Values				
	3.1 Culture congruence			
		3.1.1 Strategic focus		
			3.1.1.1 Performance	
			3.1.1.2 Near market	
		3.1.2 Leadership style		
		3.1.3 Awareness		
	3.2 Status			
		3.2.1 Brand share		
			3.2.1.1 Brand identity	
	3.3 Social structure			
		3.3.1 Social interaction		
			3.3.1.1 Resentment	
			3.3.1.2 Barriers	
			3.3.1.3 Normalisation	
			3.3.1.4 Positive attitude	
4 Social Exchange				
	4.1 Communication			

Level 1 Theme	Level 2 Theme	Level 3 Theme	Level 4 Theme	Level 5 Theme
		4.1.1 Social accounts		
			4.1.1.1 Ambiguity	
				4.1.1.1.1 Uncertainty
			4.1.1.2 Distrust	
				4.1.1.2.1 Uncertainty
	4.2 Motivated reasoning			
		4.2.1 Grapevine interaction		
5 Trust				
	5.1 Distrust			
		5.1.1 Intentions		
		5.1.2 Ability		
	5.2 Relational			
		5.2.1 Distance		
		5.2.2 Unfamiliarity		
	5.3 Perceived Organizational Support			
		5.3.1 Trust		
		5.3.2 Positivity		

Narrative of Themes from Final Template

1 **Expectations**: - **a priori**: how does the individual's prior conceptualisation of the organization and previous events (e.g. leadership) affect their evaluation of current events? There was an **expectation of change** before the merger was announced as staff believed that an alliance with another organization was likely. **Autocratic leadership** has led to an expectation that consultation amongst staff and the provision of **voice** will be avoided and that communication from senior management will be generally one-way. This has led some members of staff to believe senior management view them with **disrespect** and a lack of **recognition** for what they do. **Distrust**: this relates to the leadership of the old pre-merger management college. Past behaviour of the senior management has led to concern and suspicion over their true **intentions**. The **ability** of senior management to make rational decisions on behalf of the organization has been questioned, partly due to their perceived involvement in the financial demise of the pre-merger management college. **Early merger**: have early expectations of future (e.g. more democratic management process) events shaped the individual's conceptualisation of future events, and have these early expectations been diminished (e.g. no noticeable change to management style)? **Uncertainty**: Previous experience with a merger situation may influence employee expectations. It was highlighted that no previous experience of such a situation made uncertainty more of an issue. **Insecurity**: Job insecurity was the main issue. **Anxiety** from an uncertain future, partly due to uncertainties and insecurity. Conversely, the merger provided **security** for those who feared the site may have to close due to financial problems. **Future**: do the individual's perceived expectations of future events (e.g. career opportunities) have an influence on their conceptualisation of the situation? **Opportunities**: There is a feeling amongst some pre-merger management college staff that a merger with a bigger organization may provide greater scope in their career. There is also a belief amongst those from the pre-merger management college that the association with the pre-merger business school will improve their **trust** in management. **Improve processes**: pre-merger business school processes and systems will provide clarity and openness with regard to decision-making. There is more optimism surrounding **security** of position for some staff at the pre-merger management college because of the new ownership by a public sector organization, although for some staff at the pre-merger business school the future direction of strategy leads to a degree of **uncertainty** and insecurity for some staff.

There is also a feeling among some pre-merger management college staff that the pre-merger business school only wanted their site for the brand name and has little or no interest in the members of staff, leaving them in a situation of **insecurity**. **Expected delivery:** the employee has expectations of what they need to deliver to fulfil the employment relationship, and what is expected of the organization in return as part of a reciprocal act within a social exchange relationship. This also includes expectations of the contribution made by fellow employees and their rewards from the organizational environment. **Output**: for some the merger caused additional work without reward perceived reasonable by the individual, on top of their expected daily output. A situation where attitude and OCBs are necessary, but lower commitment appeared to result in a detrimental impact on job satisfaction. **Terms and conditions**: the biggest single issue at the pre-merger management college was the change to terms and conditions involving the removal of benefits including the right to free drinks, lunches, gym membership and on-site car parking. Although part compensation schemes have been set up, they are felt to be inadequate. A further consequence of the change to the arrangements for lunch and coffee breaks has been a perceived effect on the social interaction and culture at the very heart of the pre-merger management college campus.

2 **Control**:- Control of own destiny during a time of uncertainty is key ('initial feelings of management control led to feelings of anxiety') and there is evidence that this affects job satisfaction during these times. **Process control**: there is evidence that where 'voice' has been given there is a feeling of recognition and involvement in the process. Where it has not been given, or there has been 'disingenuous voice' (the process of 2-way communication is evident but not acted on) this has led to anger and frustration, and a feeling of detachment and a lowering of self-worth (ignoring knowledge, skills, and abilities). Where voice has not been granted or disingenuous voice is evident, there is a negative impact on **trust** in authorities, possibly due to a perceived external locus of control where that locus of control is with authorities who are already distrusted. **Locus of control**: Events are not being controlled from within but by external forces (senior management), particularly a problem in a situation where there is a detachment of managers and workers, and there is an atmosphere of distrust ('retaining control is key', 'initial feelings of management control led to feelings of anxiety', 'forced changes in research climate has led to loss of control'). **Uncertainty**: the need for control of one's destiny during a time of great uncertainty (initial merger concerns, and future

expectations). **Autocratic leadership** style led to **a priori expectations** that control would remain with authorities and that changes would be imposed without consultation or effective voice. It was perceived that this locus of control would be reinforced with a priori expectations of management of an atmosphere of bullying and fear of repercussions from any challenges to senior authority. In addition, staff at the pre-merger business school experiencing a change towards an autocratic style of management, have expressed their perception of less involvement and a reduction in **voice** in relation to their day-to-day operations.

3 **Values**: changes due to the merger implementation need to be assessed and compared against personal and group values. **Culture congruence**: the alignment of personal cultural beliefs, values and goals with the organization's goals and values. In this case change has led to a re-assessment of these values. A change in focus with the research strategy for staff at both the pre-merger management college and pre-merger business school campuses has resulted in a significant amount of anxiety and concern over future direction and the goals of the newly formed business school. The new publishing strategy has been included in a similar change in **strategic focus** towards a regime of **performance** measurement leaving staff feeling threatened by what they believe has been a top down autocratic approach to change in direction. The change in focus to be more '**near market**' has also raised dividing lines between some of the research staff at the pre-merger business school who have not traditionally been quite so mainstream in their research. This forms part of a more general change in **leadership style** for the staff at the pre-merger business school, from a democratic and inclusive leadership style to a less collegiate management approach. **Awareness** of cultural differences between the two campuses is also perceived to be a problem and has been a major cause of anxiety amongst staff when attempting to align systems and processes, and terms and conditions. Seemingly exacerbating this issue is that there has been little attempt to integrate employees from both campuses through interaction, maintaining geographic and cultural difference. **Status**: one of the dynamics of organizational and team identity, status has been challenged in the sense that it is perceived that the prestige of the pre-merger management college has been devalued by becoming an integral part of the pre-merger business school. One example of this devaluation of status can be seen in the reaction of the pre-merger management college staff to **brand share** which relates to the standardisation of their brand name across the products and services of both

campuses. Historically, identification with the pre-merger management college brand has interrelated with a strong culture. The **social structure** of the pre-merger management college has been affected by the changes to the free drink and lunch arrangements (terms and conditions). One of the most divisive issues at the pre-merger management college, the impact of this perceived attack on the social group and its effect on the individual is significant, and at the core of resentment and hostility felt between workers and management on the campus (possibly see Durkheim). The effect on **social interaction** at the pre-merger management college has been devastating for some of the employees, and there is wide spread **resentment** of management for this destruction of the social structure. Conversely, where there has been a meeting of individuals from both campuses, and social interaction has developed in this situation, it is indicated that cultural **barriers** between the two sites have been eased. In these situations, it is reported that there has been an element of **normalisation of the merger process**, resulting in a less painful transition by reducing uncertainty. In addition, there are comments that those who have experienced this social interaction between campuses feel more **positive** about the merger.

4 **Social exchange**: The exchange relationships developed between management and worker have been a significant influence on how the merger has been perceived by the individuals involved. Examples of relationships that are strong and workable have led to positive perceptions about the merger process and future expectations. Conversely, where the exchange relationship has broken down (reasons are accounted in the following brief), there appears to be a negative perception of the merger implementation. **Communication**: This has been one of the biggest issues in the merger and problems associated with it are inter-related with the other primary antecedents. **Social accounts**: the use of social accounts to justify the change has been mostly ineffective and the reasons behind this are related to the other primary antecedents. **Ambiguity** of the messages has led to **uncertainty**, and confusion from a mixed merger message has also been aggravated by the **distrust** in the communicated message from senior management which again had provided reason for further **uncertainty**. **Motivated reasoning**: the problem of ineffective communication has led to individual's filling in the gaps in information by using social cues and becoming more dependent on their external environment. **Grapevine interaction** has been a source of employee motivated reasoning.

5 **Trust**: Trust is very much inter-related to the other primary antecedents and can be discussed in two dimensions. The first dimension is the **distrust** of senior management and this can be further sub-divided into two more dimensions. The distrust of management, which is largely historical, is associated with i) a disbelief of their stated **intentions**; and ii) a disbelief that their judgement and decision-making **ability** is rational. The second dimension of trust in this case is a **relational** issue due to unfamiliarity with the senior decision makers due to either a) the **distance** between management and workers, and b) **unfamiliarity** with decision-makers because of the new relationship (i.e management and workers from different organizations). **Perceived organizational support**: Support from senior management during the merger led to building a relationship of **trust** with them, and a more **positive** attitude towards the new organization.

Appendix J

Consent Form

ATTITUDES TOWARDS A MERGER

This research is subject to ethical guidelines set out by the British Psychological Society.

These guidelines include principles such as obtaining your informed consent before research starts, notifying you of your right to withdraw, and protection of your anonymity.

Have you had the opportunity to ask questions and discuss the study to your satisfaction?

YES/NO

Do you understand that you are free to end the interview at any time or to choose not to answer a question without giving a reason why?

YES/NO

Do you agree to take part in this study?

YES/NO

Do you grant permission for extracts from the interview, and any other data produced during this interview to be used in reports of the research on the understanding that your anonymity will be maintained?

YES/NO

SIGNED   …………………………………………………………………...

NAME
(IN BLOCK LETTERS)   ………………………………………………….

DATE   …………………………………………………………

Appendix K

Phase 3 Experiences of a Merger

Dear participant,

As you may be aware, in part fulfilment of my research project I am investigating the merger between xxxxxx and the xxxxxx. In October of last year I collected responses to a questionnaire considering the <u>importance</u> of fairness, which was followed up with a series of semi-structured interviews in late November and early December. On the basis of my findings, I now wish to conclude the data collection by asking you to complete a short questionnaire investigating your actual <u>experience</u> of fairness during the merger process.

Once again, I should like to remind you that only I will have access to your completed questionnaires, and individual responses will be treated with complete confidentiality.

I hope you find the questionnaire clear and easy to follow, but if you have any queries, or would simply like further information about this project, please contact me at the following e-mail address: bnnj@leeds.ac.uk.

Thank you for your support in this research. It is greatly appreciated.

Nick Jackson

Leeds University Business School

Maurice Keyworth Building

University of Leeds

Leeds LS2 9JT

Section 1: Background

1. Are you male or female?

   □ Female   □ Male

2. What is your nationality (e.g. British, Japanese, Canadian etc.)?

   _____

3. Please state your generic role:

   □ Academic   □ Non Academic

4. At which campus are you based?

   □ xxxxxx   □ xxxxxx

5. Please state your job title:

   _____

6. In total, how long have you worked for

   the organization?   …… yrs

7. How long have you been employed in

   your current role?   ...... yrs

8. Please state your age (in years):

   ……….

Section 2: Your outcomes from the merger

Following the decisions made during the merger, and bearing in mind any changes to the working environment that emerged, please indicate how fairly you have been treated, using the following scale.

1. Very Unfairly   **2. Unfairly**   **3. Undecided**   **4. Fairly**   **5. Very Fairly**

As an outcome of the merger, to what extent have you been fairly rewarded...

Please circle your response

9. ... considering the responsibilities that you have? 1 2 3 4 5

10. ... taking into account the amount of education and training that you have? 1 2 3 4 5

11. ... in view of the amount of experience that you have? 1 2 3 4 5

12. ... for the amount of effort that you dedicate to your role? 1 2 3 4 5

13. ... for the work that you have done well during your time at the organization? 1 2 3 4 5

14. ... for the stresses and strains of your job? 1 2 3 4 5

Section 3: Decision making during the merger

In answering the following questions, *think about managerial decisions made affecting change during this period, particularly in relation to responsibilities, schedules, rewards, and general treatment.* Use the following scale to indicate the extent to which you agree or disagree with each statement.

1. Strongly Disagree	2. Moderately Disagree	3. Slightly Disagree	4. Neither Agree nor Disagree	5. Slightly Agree	6. Moderately Agree	7. Strongly Agree

When decisions that affected you were made during the merger...   **Please circle your response**

15. ... requests for clarification and additional information were allowed.   1   2   3   4   5   6   7

16. ... you were treated with respect and dignity.   1   2   3   4   5   6   7

17. ... you were dealt with in a truthful manner.   1   2   3   4   5   6   7

18. ... all the parties affected by the decisions were represented.   1   2   3   4   5   6   7

19. ... the decisions were applied with consistency to the parties affected.   1   2   3   4   5   6   7

20. ... you were offered adequate justification for the decisions.   1   2   3   4   5   6   7

21. ... accurate information upon which the decisions were based was collected.   1   2   3   4   5   6   7

22. ... complete information upon which the decisions were based was collected.   1   2   3   4   5   6   7

23. ... opportunities were provided to appeal or challenge the decisions.   1   2   3   4   5   6   7

24. ... you were treated with kindness and consideration.   1   2   3   4   5   6   7

25. ... you were shown concern for your rights as an employee.   1   2   3   4   5   6   7

26. ... you were helped to understand the reasons for the decisions.   1   2   3   4   5   6   7

Section 4: Post-merger attitudes

Now, post-merger, consider how you judge your relationship with xxxxx Business School.

Again, please indicate the extent to which you agree or disagree with each statement using the following scale.

1. Strongly Disagree	2. Moderately Disagree	3. Slightly Disagree	4. Neither Agree nor Disagree	5. Slightly Agree	6. Moderately Agree	7. Strongly Agree

Please circle your response

27. I am less inclined to work beyond what is required.   1   2   3   4   5   6   7

28. I would be very happy to spend the rest of my career with xxxxxx   1   2   3   4   5   6   7

29. I enjoy discussing xxxxxx with people outside it.   1   2   3   4   5   6   7

30. I really feel as if xxxxxx's problems are my own.   1   2   3   4   5   6   7

31. I think I could easily become as attached to another organization as I am to xxxxxx.   1   2   3   4   5   6   7

32. I do not feel like 'part of the family' at xxxxxx.   1   2   3   4   5   6   7

33. I do not feel emotionally attached to xxxxxx.   1   2   3   4   5   6   7

34. xxxxx Business School has a great deal of personal meaning to me.   1   2   3   4   5   6   7

35. I do not feel a strong sense of belonging to xxxxxx.   1   2   3   4   5   6   7

Again, please indicate the extent to which you agree or disagree with each statement using the following scale.

| **1. Strongly** | **2. Slightly nor Disagree** | **3. Neither Agree Agree** | **4. Slightly Agree** | **5. Strongly** | **Disagree** | **Disagree** |

Please circle your response

36. I often think about leaving xxxxxx.   1   2   3   4   5

37. I intend to search for a position with another employer within the next year.   1   2   3   4   5

38. I intend to leave xxxxxx in the near future.   1   2   3   4   5

Section 5: Fulfilment of promises

Consider the statements below relating to your experience of how the organization delivered its promises made during the merger process. **Please indicate against each of the 5 individual statements the extent to which you agree or disagree with each, using the following scale.**

1. **Strongly Disagree**	2. **Slightly nor Disagree**	3. **Neither Agree Agree**	4. **Slightly Agree**	5. **Strongly**	**Disagree**

Please circle your response

39. Almost all the promises made by my employer at the beginning of the merger have been kept so far.　　1　2　3　4　5

40. I feel that my employer has come through in fulfilling the promises made to me during the merger process.　　1　2　3　4　5

41. So far my employer has done an excellent job of fulfilling its promises to me.　　1　2　3　4　5

42. I have not received everything promised to me in exchange for my contributions.　　1　2　3　4　5

43. My employer has broken many of its promises to me even though I've upheld my side of the deal.　　1　2　3　4　5

Section 6

Are there any further comments you would like to add, relating to your experience of the merger?

That is the end of the questionnaire. Thank you for your time taken to complete it. ***Please can you use the reply paid envelope to return your completed questionnaire to me.***

Appendix L

Phase 4 Experiences of a Merger

Dear participant,

In 2001 the xxxxxx NHS Trust was formed by the merger of xxxxxx Healthcare NHS Trust and the xxxxxx Healthcare Services NHS Trust. To assist me with my Doctoral research, I should be grateful if you would take part in a survey to better understand aspects of the merger process between two or more organizations. Your answers are essential in an attempt to progress an area of research that is currently much under-developed.

There is no need to spend long on any one question; your first thoughts are usually your best. The questionnaire should take no more than 10 minutes to complete.

Your response will be kept *strictly confidential*, and only I will have access to the information you provide. Any data shared with the organization will be collective and unattributable. The research is subject to ethics guidelines set out by the **British Psychological Society**.[8]

I hope you find the questionnaire clear and easy to follow, but if you require clarification, have any queries, or would simply like further information about this project, please contact me at the following e-mail address: bnnj@leeds.ac.uk.

May I take this opportunity to thank you for your help. Your support in this research is greatly appreciated.

Nick Jackson
Leeds University Business School
Maurice Keyworth Building
University of Leeds
Leeds LS2 9JT

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[8] Can be viewed at: http://www.bps.org.uk

Section 1: Background

1. Are you male or female?

□ Female   □ Male

2. What is your nationality (e.g. British, Japanese, Canadian etc.)?

_____

3. Where is/was your main place of work?

Today

□ Sites 1   □ Sites 2

Please state department:

_____

At the time of the merger

□ Sites 1   □ Sites 2

Please state department:

_____

4. Please state your job title:

_____

5. In total, how long have you worked for

the organization?   …… yrs

6. How long have you been employed in

your current role?   ...... yrs

7. Please state your age (in years): ……….

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