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This study investigates the relation between the perceived status of an organization after a takeover (i.e. post-merger status) on employees' identification with this new organization (i.e. their post-merger identification). Respondents were 234 employees of a corrugated board producing company, which had taken over a smaller company eight months before. As hypothesized, post-merger status was positively related to organizational identification among employees of the lower-status pre-merger company, but they were not related among employees of the higher-status company. Also in line with the expectations, post-merger status was positively related to organizational identification among employees who had identified weakly with their pre-merger group, but not among employees who had identified strongly with their pre-merger group.

KEYWORDS group status, organizational mergers, social identity

THE CONTINUING proliferation of organizational mergers and acquisitions over the last few decades is somewhat at odds with research findings showing that most of these mergers and acquisitions do not fulfill the expectations set at the start (e.g. Cartwright & Cooper, 1992; Devoge & Shiraki, 2000). Explanations for these failures generally focus on strategic and financial mismanagement of the new organization. However, due to the recent upsurge of social identity theory in organizational psychology (e.g. Ashfort & Mael, 1989; Haslam, 2004; Hogg & Terry, 2000; Tajfel & Turner, 1979), many researchers acknowledge that the relative underperformance of organizations that have gone through a merger or acquisition can at least partially be attributed to the resistance of

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employees to identify with the transformed organization. Several studies have shown that there is a positive relationship between employees' organizational identification and their willingness to behave in a way that is beneficial for the organization (e.g. Christ, van Dick, Wagner, & Stellmacher, 2003; Tyler, 1999; van Knippenberg & van Schie, 2000). It follows then that it is in the interest of organizations that have gone through a merger or acquisition to induce organizational identification with the newly formed organization so that it becomes a central part of their employees' self-concept.

Social identity theory

According to social identity theory, the self-concept consists of both a personal and a social identity. Whereas personal identity reflects our characteristics as a unique individual, social identity refers to, 'that part of an individual's self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership' (Tajfel, 1978, p. 63). When people define themselves as members of a social group, they ascribe the prototypical group characteristics to themselves and to their fellow ingroup members. A result of this self-definition on the basis of group characteristics is that people adopt depersonalized perceptions of both themselves and of others, which means that they perceive themselves and others as group members instead of as individuals. As a consequence, the perceived differences within the ingroup and within the outgroup are minimized, while the differences between members of the ingroup and members of the outgroup are accentuated.

Another crucial assumption of social identity theory is that people strive to maintain a positive self-concept and that group memberships, being important aspects of our self-concept, can contribute positively or negatively to this self-concept. The valence of this contribution depends on whether the group to which we belong is perceived as having a low or high status. Higher status is attributed to a group, if the group is positively differentiated from relevant comparison groups on relevant comparison dimensions (e.g. a fast-food restaurant making more profit than its rival across the street), and membership in such a high-status group contributes to a more positive social identity, and consequently to a more positive self-concept. By contrast, lower status is attributed to a group, if this group stands out negatively compared with other relevant groups. Membership in such a low-status group contributes to a more negative social identity, and hence to a more negative self-concept.

The above reasoning implies that people prefer to belong to high-status groups rather than to low-status groups. In a series of experimental studies, Ellemers (1993) indeed demonstrated that participants identified more strongly with an ingroup that was attributed a high status than with an ingroup that was attributed a low status. Similarly, in an organizational context Smidts, Pruyn and van Riel (2001) found that the perceived external prestige (or status) of an organization was positively related to employees' identification with this organization. This supports social identity theory's contention that people strive to be a member of a high-status organization and try to avoid being a member of a low-status organization.

A considerable amount of research based on social identity theory has dealt with the strategies that members of a low-status group can adopt to remedy a negative social identity. These strategies (for a complete taxonomic overview, see Blanz, Mummendey, Mielke, & Klink, 1998) can range from entirely *individualistic* (e.g. individual mobility or trying to pass from the low-status ingroup into a high-status outgroup) to *collective* (e.g. social competition or making direct efforts to reverse the negative comparison outcome in favor of the low-status ingroup). Most studies have focused on the effects of perceived socio-structural characteristics, such as the perceived legitimacy of the status stratification, on members' strategic choice (e.g. Boen & Vanbeselaere, 2002; Ellemers, Wilke, & van Knippenberg, 1993; Kessler & Mummendey, 2002; Mummendey, Kessler, Klink, & Mielke, 1999), or on the impact of perceived pervasive discrimination on the level of ingroup identification (e.g. Branscombe, Schmitt, & Harvey, 1999; Schmitt, Branscombe, Kobrynowicz, & Owen, 2002). However, in the specific context of mergers and acquisitions, employees are confronted with an imposed change in group membership from their pre-merger organization to a new organization that includes not only their own pre-merger ingroup but also a pre-merger outgroup. Therefore, the most relevant strategy seems to be a recategorization at the more inclusive level of the merger group. Employees of merged organizations have the opportunity, and are usually encouraged by the management, to stop identifying with their old pre-merger group and to identify instead with the newly formed merger organization. Research in merger contexts based on the common ingroup identity model (Anastasio, Bachman, Gaertner, & Dovidio, 1997; Gaertner, Dovidio, Anastasio, Bachman, & Rust, 1993) has indeed shown that the more members of a merger organization perceive the merged organization as one group, the less bias and negative stereotyping they display towards members of the pre-merger outgroup.

Post-merger status

From the perspective of social identity theory, recategorizing oneself at the merger level would especially make sense if the new merger organization is perceived as having a relatively high status compared with the former pre-merger ingroup. More specifically, employees of a pre-merger organization that had a relatively low status might then look at the merger or acquisition as a chance to belong to a higher status organization, and to enhance the valence of their social identity. On the basis of several surveys in merged organizations, Terry (2003) indeed concluded that the identity management motives for employees of low- vs. high-status pre-merger organizations differed profoundly, the former being attuned to status enhancement, the latter to status protection. This suggests that members of a low-status pre-merger organization could welcome the merger when the new merger organization has a high status. Members of a high-status pre-merger group could well await further development because they are confronted with a potential status loss. Consequently, based on social identity theory, we predict an interaction between post-merger status and pre-merger status on post-merger identification: post-merger status and post-merger identification will be positively related among employees of the high-status pre-merger organization, but more so among employees of the low-status pre-merger organization (Hypothesis 1).

Surprisingly, the impact of the perceived status of the new organization on employees' post-merger identification has until now only scarcely and indirectly been examined. In an experimental study, Haunschild, Moreland, and Murrell (1994) asked undergraduate students to work on a survival problem in dyads, but each dyad was later merged with another dyad. Members of successful dyads were less enthusiastic to merge, because they feared that they would be less successful after merging with an unsuccessful dyad. In a field study among teachers of a merged secondary school, Boen, Vanbeselaere, Hollants, and Feys (2005) asked to what extent these teachers perceived the merger school as a success. The results revealed that the more these teachers perceived the merger school as a success, the more strongly they identified with the new merger school. However, the measure of merger success used by Boen et al. did not refer to a comparison with relevant outgroups, so it cannot be considered as a real measure of merger status. Finally, in a context of two soccer teams that were about to merge, Boen, Vanbeselaere, and Swinnen (2005) found that the higher fans expected the status of the new merger team to be, the more they supported both the merging process and the new merger team. However, because this study was conducted before the merger took place, no measure of post-merger identification was included. Moreover, it could be questioned whether fans of sports teams have the same kind of commitment towards their pre-merger group than do employees of an organization. The main purpose of the present field study was therefore to further investigate the impact of the perceived status of the organization after a merger or acquisition on employees' identification with this new merged organization, and secondly, to test its predicted interaction with pre-merger status.

Pre-merger status

To date, the majority of social psychological studies on organizational mergers have focused on the effects of pre-merger status on post-merger identification (e.g. Jetten, Duck, Terry, & O'Brien, 2002; Terry, 2003; Terry & Callan, 1998; Terry, Carey, & Callan, 2001; Terry & O'Brien, 2001). These studies revealed that employees of high-status pre-merger groups identify more strongly with the merger organization than do employees of low-status pre-merger groups. This finding can be explained by the fact that the high-status pre-merger group is usually more dominant and better represented in the new merger organization than the low-status pre-merger group. According to the social identity model of post-merger identification (van Knippenberg & van Leeuwen, 2002), the more the merger group is perceived as a continuation of one's pre-merger ingroup, the more group members are willing to transfer their identification from the pre-merger group towards the new merger group. In two field studies among merged organizations, van Knippenberg, van Knippenberg, Monden, and de Lima (2002) indeed found a positive and strong relation between pre- and post-merger identification among employees of the dominant organization, but not among employees of the non-dominant organization. These differential relationships were corroborated in several experimental studies (van Leeuwen, van Knippenberg, & Ellemers, 2003). It can therefore be expected that pre-merger status and pre-merger identification interact in determining post-merger identification. More specifically, pre- and post-merger identification will be positively related, but more strongly so among employees of the high-status pre-merger group than among employees of the low-status pre-merger group (Hypothesis 2).

Similarly, we believe that post-merger status and pre-merger identification will also interact when influencing post-merger identification. This prediction can also be derived from social identity theory, which assumes that the more individuals identify with their group (i.e. the more they see themselves as being one with this group), the less likely it is that they will be inclined to abandon this identity. As a consequence, individuals who identify strongly with their pre-merger group will not be very sensitive to prospects of group status improvement offered by a high-status outgroup, because their ingroup forms such a central part of their self-concept that they want to remain faithful to it (and to themselves). By contrast, individuals who identify weakly with this pre-merger group will be much more sensitive to the possibility of status-enhancement by joining a higher-status group, because their ingroup does not constitute a central part of their self-concept and they feel they can abandon it. In an experiment by Ellemers, Spears, and Doosje (1999), it was indeed found that individuals who identified relatively weakly with their low-status group, were more likely to take an opportunity to join a high-status outgroup than individuals who identified relatively strongly with their low-status ingroup.

It can thus be deduced from social identity theory that the perception of a high post-merger status will have a stronger impact on low pre-merger identifiers than on high pre-merger identifiers. More specifically, when confronted with a high-status organization after a merger or acquisition, low pre-merger identifiers will be more willing to psychologically abandon their low-status pre-merger group and identify with this new organization, than high pre-merger identifiers. We therefore expect that in a merger context, post-merger status and post-merger identification will be positively related, but only for employees who identified relatively weakly with their pre-merger organization, and not for employees who identified relatively strongly with their pre-merger organization (Hypothesis 3).

Besides the three two-way interactions formulated above, we will also explore the possibility of a three-way interaction between pre-merger status, post-merger status, and pre-merger identification. In Hypothesis 1, we predicted that pre-merger status and post-merger status would interact when determining post-merger identification. More specifically, the impact of post-merger status would be stronger for members of the low-status pre-merger organization than for members of the high-status pre-merger organization. On the basis of Ellemers, Spears, & Doosje (1997), one could also assume that this two-way interaction would be more pronounced for people who identified weakly with their pre-merger organization, because these employees would be more willing to 'abandon' their low-status pre-merger group than people who identified strongly with their pre-merger organization. Consequently, we tentatively predict a three-way interaction between pre-merger status, post-merger status and pre-merger identification on post-merger identification, implying that the effect of post-merger status on post-merger identification would be strongest for weakly identified members of the low-status pre-merger organization (Hypothesis 4). Although this hypothesis fits a social identity analysis, the three-way interaction might be counteracted when the members of the high-status pre-merger group would experience the merger as a status loss, in other words when their need for ingroup continuity is fulfilled, but not their need for a positive social identity. In that case, highly identified members of the high-status pre-merger group might also tend to disidentify with the merger group, and thus not to differ in their post-merger identification from weakly identified members of that same high-status pre-merger group.

Method

Merger context

Because most studies on mergers and acquisitions have focused on companies with a majority of white-collar employees (e.g. Terry et al., 2001; van Knippenberg et al., 2002), we decided to test our hypotheses, and thus the generalizability of the social identity perspective, in a setting with a considerable number of blue-collar workers. We focused on the corrugated board industry, because in recent years some major mergers and acquisitions had taken place in this industry in Belgium. Moreover, this industry is known to employ a majority of blue-collar workers.

We were able to obtain the permission of the board of directors, who had first obtained consent from the social partners (i.e. labor unions, etc.), to distribute a questionnaire in a corrugated board producing company in Belgium,[1] which we will call company A. Eight months before, company A had taken over rival company B. Before this takeover, company A counted 460 employees at six different sites in Belgium and was a profitable organization. By contrast, company B counted only 102 employees at one site (i.e. site B) and had serious financial problems. These numbers suggest that company A was the higher-status organization compared with company B.

The takeover implied that the name of company B ceased to exist and that site B became just another site of company A, governed by the same board of directors as the other sites. As an immediate consequence of the takeover, 14 employees of the former company B were dismissed and 7 white-collar workers were relocated to another site (i.e. site A1). The former company B wanted to produce as much as possible and was, therefore, occasionally willing to sell their products at a very low price. Company A, however, gave priority to making as much profit as possible and they refused to sell their products below a certain price. As a consequence, site B lost some customers after the takeover. Moreover, at times the employees at site B became temporarily unemployed, which had never occurred before the takeover. On the other hand, a number of orders which had previously been handled by a former site of company A, were now assigned to the new site B. This resulted in less work at some of the other sites and occasionally the nightshift had to be adapted in these sites.

Procedure

We distributed a questionnaire concerning the social psychological perceptions of the takeover in site B (87 employees) as well as in the two biggest sites of company A: site A1 (225 employees) and site A2 (150 employees). The other three sites of company A counted very few employees (i.e. 15, 25 and 45 employees respectively) and were therefore not incorporated in the study. In order to ensure anonymity, employees were asked to complete the questionnaire at home, and deposit it in a closed box at their worksite. Considering the limited number of employees at site B (i.e. 87), which is the only site of the low-status pre-merger organization, these employees were encouraged more strongly to fill in the questionnaire by making them mark their name on a list after depositing their questionnaire. However, the anonymity of employees' responses was ensured by using a closed box to collect their answers. Consequently, employees had the opportunity to return a blank questionnaire if they did not want to complete the questionnaire.

In site A1 and site B, all employees were francophones, but site A2 counted both French- and Dutch-speaking employees. We therefore constructed questionnaires in French as well as in Dutch with the help of an official translator. These questionnaires were then translated back to the other language by bilingual employees, and inconsistencies were discussed and solved by the researchers with the help of the translator. The social partners ensured that employees in site A2 were given a questionnaire in their native language.

Participants

In total, 234 employees completed the questionnaires: 104 from site A1, 80 from site B and 50 from site A2. Given that the three sites counted 462 employees in total, the overall response rate was 51%. However, it should be noted that this response rate was much higher in site B than in site A1 and in site A2 (i.e. 91% vs. 46% and 33%). This difference can of course be attributed to the stronger encouragement of employees in site B to complete the questionnaire. However, the higher relevance of the takeover for employees at site B might also have played a role.

With respect to gender, it turned out that there were many more male than female respondents: 215 males vs. 19 females (i.e. 92% vs. 8%). This proportion did not differ significantly between the three sites ($\chi^2(2) = 2.02$, $p = 0.36$).

With respect to age, the majority of the respondents were of middle age. More specifically, only 5% were younger than 26 years, 33% were between 26 and 35 years, 35% were between 36 and 45 years, 22% were between 46 and 55 years, and only 5% were older than 55 years. The age distribution did not differ significantly between the three sites ($\chi^2(8) = 11.64$, $p = 0.17$).

With respect to tenure, 26% of the employees had been employed for less than 6 years, 41% between 6 and 15 years, 18% between 16 and 25 years, and 15% had been employed for more than 25 years. This tenure distribution differed significantly between the three sites ($\chi^2(6) = 17.58$, $p < 0.05$). More specifically, compared with the other two sites, site A1 counted relatively more employees who had been employees for more than 25 years compared with sites A2 and B (i.e. 25% vs. 6% and 6%).

Overall, there were more blue-collar employees than white-collar employees (74% vs. 24%), but this proportion differed significantly between the three sites ($\chi^2(2) = 18.42$, $p < 0.001$). In site A1, there were many more white-collar employees compared with sites A2 and B (i.e. 40% vs. 14% and 15%). This was expected because site A1 not only included a production unit but also the commercial and administrative centre of company A. However, in all three sites the majority of the respondents were blue-collar employees.

Measures

Pre-merger identification Identification with the pre-merger organization was measured with the following three items: 'Before the merger I felt very connected to company A before the merger/company B', 'I was proud that I could work for company A before the merger/company B'; and 'Company A before the merger/company B meant a lot to me'. Respondents had to answer these items by indicating their agreement on a 5-point scale ranging from 1 ('agree not at all') to 5 ('agree completely').

These items were the three best items selected from a scale of organizational identification used by Boen, Vanbeselaere, De Witte, and Luijters (2003) in a study on a merged Belgian bank. Scale analyses revealed that these three items showed a very high internal consistency (Cronbach's α = .93). We therefore computed respondents' unweighted mean score on these three items as an overall measure of their pre-merger identification (M = 4.06, SD = 0.89).

Post-merger identification Identification with the post-merger organization was measured with the same three items as those for pre-merger identification, but formulated in the present tense and referring to the post-merger organization: 'I feel very connected to company A after the merger'; 'I am proud that I can work for company A after the merger'; and 'Company A after the merger means a lot to me'. Respondents again had to answer these items by indicating their agreement on a 5-point scale ranging from 1 ('agree not at all') to 5 ('agree completely').

The three post-merger identification items also showed a very high internal consistency (Cronbach's α = .95). Consequently, we computed respondents' unweighted mean score on these items as an overall measure of their post-merger identification (M = 3.51, SD = 1.10).

Perceived pre-merger status Employees' perceived status of their pre-merger organization compared with the outgroup pre-merger organization was measured with the same item as already used by Terry et al. (2001): 'The prestige of company A before the merger/company B, compared with company B/company A before the merger, was ...'. Respondents had to give an answer on a 5-point scale ranging from 1 ('much lower') to 5 ('much higher').

Perceived post-merger status Employees' perceived status of the post-merger organization was measured with an item analogous to that used for pre-merger status: 'Compared with other corrugated board producing organizations, the prestige of company A after the merger is at the moment ...'. Respondents had to indicate an answer on a 5-point scale ranging from 1 (much lower) to 5 (much higher).

Results

Descriptive statistics

Table 1 displays the means and standard deviations on all measures for the employees of the three sites. On these measures, one-way analysis of variance (ANOVA) analyses were conducted, with the site as the independent variable. As expected, a one-way ANOVA on the item probing respondents' perceived pre-merger status revealed a strong effect of the site ($F(2, 231) = 104.64$, $p < .001$, $\eta^2 = .48$). Post-hoc Bonferroni tests (α = .05) revealed that employees of site B perceived the status of their pre-merger organization as significantly lower than the employees of sites A1 and A2, which

Table 1. Means for all reported measures in function of the site to which the respondents belonged (standard deviation in parentheses)

Measures	Site A1	Site A2	Site B	Total
1. Perceived pre-merger status	3.64	3.80	2.09	3.14
	(0.82)	(0.81)	(0.82)	(1.12)
2. Perceived post-merger status	3.25	3.60	3.58	3.44
	(0.68)	(0.70)	(0.63)	(0.69)
3. Pre-merger identification	4.24	3.69	4.05	4.06
	(0.89)	(0.96)	(0.79)	(0.89)
4. Post-merger identification	3.90	3.52	3.01	3.51
	(1.13)	(0.90)	(0.99)	(1.10)

did not differ significantly (M = 2.08 vs. 3.64 and 3.80, SD = 0.81 vs. 0.82 and 0.81). It should also be noted that the mean perceived pre-merger status of site B was significantly below the midpoint of the scale (3) ($t(79) = -10.24$, $p < .001$), whereas the means of the other two sites were significantly above the midpoint ($t(103) = 7.98$, $p < .001$; $t(49) = 7.00$, $p < .001$). These findings indicate that employees of site A1 and site A2 perceived themselves as belonging to a high-status pre-merger organization, while employees of site B perceived themselves as belonging to the low-status pre-merger organization. We therefore decided to create a dichotomous pre-merger status variable by assigning employees of site A1 and site A2 to the high-status pre-merger group (N = 154) and the employees of site B to the low-status pre-merger group (N = 80).

Also, on the item probing respondents' post-merger status, a significant effect of site emerged ($F(2, 231) = 7.27$, $p < .01$, $\eta^2 = .06$). Post hoc Bonferonni tests ($\alpha = .05$) revealed that respondents of site A1 perceived the status of the merger group to be significantly lower than did respondents of site A2, while no other significant differences were found. When comparing perceived post-merger status with perceived pre-merger status, paired sample t tests revealed that respondents of site A1 perceived the post-merger status to be significantly lower than the pre-merger status ($t(103) = 4.28$, $p < .001$), whereas respondents of site B perceived the post-merger status to be significantly lower than the pre-merger status ($t(79) = -15.40$, $p < .001$). Respondents of site A2 perceived no difference between post- and pre-merger status ($t(49) = 1.57$, $p = .12$). In other words, respondents of site A1 experienced a status loss because of the takeover, respondents of site B experienced a status gain, and respondents of site A2 experienced no status change.

With respect to pre-merger identification, again a significant effect of site was found ($F(2, 231) = 6.72$, $p < .01$, $\eta^2 = .06$). Post hoc Bonferonni tests ($\alpha = .05$) revealed that respondents of site A2 showed a significantly lower pre-merger identification than respondents of site A1. However, no significant difference emerged between respondents of site A2 and site B, nor between respondents of site A1 and site B. This suggests that there were no systematic differences in pre-merger identification between employees of the low-status pre-merger company and employees of the high-status pre-merger company. In fact, a one-way ANOVA on pre-merger identification with dichotomous pre-merger status as the independent variable revealed no significant difference ($F(1, 231) = .02$, $p = .88$, $\eta^2 = .00$). It should also be noted that the standard deviation in the high pre-merger status sites A1 and A2 was not lower than the standard deviation in the low pre-merger status site B. This indicates that the different recruitment strategy that was used in these two sites compared with site B did not result in a lower variation of pre-merger identification (e.g. because only high pre-merger identifiers would have completed questionnaires in sites A1 and A2).

Finally, location also had a significant impact on post-merger identification ($F(2, 231) = 16.78$, $p < 0.001$, $\eta^2 = .14$). Post hoc Bonferonni tests ($\alpha = .05$) revealed that respondents of site B showed a significantly lower post-merger identification than respondents of site A1 and respondents of site A2, who did not differ significantly from each other.

Intercorrelations

Table 2 displays intercorrelations between the study variables. As can be seen in this table, none of the predictors were significantly correlated, indicating that there were no multicollinearity problems. In addition, we also performed a principal component analysis on the six items measuring pre- and post-merger

Table 2. Intercorrelations between the study variables

Scales	1	2	3
1. Dichotomized pre-merger status	–	–.004	.010
2. Post-merger status		–	.061
3. Pre-merger identification			–

* significant at $p < 0.05$
* significant at $p < 0.01$

identification in order to establish whether pre- and post-merger identification were distinct constructs. Two components were obtained with an eigenvalue higher than 1. After varimax rotation, the first component, with an eigenvalue of 2.72, explained 45% of the variance. On this component, the three items measuring post-merger identification loaded very strongly (i.e. loadings above .90), while the items measuring pre-merger identification loaded only weakly on this component (i.e. loadings below .40). By contrast, on the second component, which had an eigenvalue of 2.63 and explained 44% of the variance, the three items measuring pre-merger identification loaded very strongly (i.e. loadings above .80), while the items measuring post-merger identification loaded weakly on this component (i.e. loadings below .30). These results clearly indicate that pre- and post-merger identification were perceived as being different concepts.

Multiple regression on post-merger identification

In a first step, the three centered predictor variables were entered simultaneously. The resulting model explained 37% of the total variance in employees' post-merger identification ($F(3, 230) = 44.05$, $p < .001$). In the second step, the three two-way interactions between the centered predictor variables were entered, which led to a significant increase in explained variance of up to 43% ($R^2_{ch} = .07$; $F(3, 227) = 8.57$, $p < .001$). Once the three-way interaction term was included, the explained variance did not increase significantly ($R^2_{ch} = .002$; $F(1, 226) = .90$, $p = .34$). We, therefore, focused on the model including the three two-way interactions but without the three-way interaction.

In order to interpret these two-way interactions, we conducted simple slope analyses according to the guidelines by Aiken and West (1991) and by Preacher, Curran and Bauer (2003). Hypothesis 1 implied that post-merger status and post-merger identification would be positively related, but more strongly so among employees of the low-status pre-merger organization than among employees of the high-status pre-merger organization. As depicted in Table 2, the interaction between post-merger status and pre-merger status was significant. Simple slope analyses revealed that there was a significant and positive relation between post-merger status and post-merger identification for employees of the low-status pre-merger organization ($\beta = .33$, $t = 3.10$, $p < .01$), but not for employees of the high-status pre-merger organization ($\beta = .07$, $t = .88$, $p = .38$). In other words, as the employees of the low-status pre-merger organization perceived the status of the post-merger organization to be higher, the more they identified with this new organization. However, this was not the case for employees of the high-status pre-merger organization.

In Hypothesis 2, we predicted that the relation between pre- and post-merger identification would be more positive for the employees of the high-status pre-merger organization than for respondents of the low-status pre-merger organization. As can be seen in Table 3, the interaction between pre-merger identification and pre-merger status on post-merger identification was significant. Simple slope analyses

Table 3. Standardized regression coefficients of the three predictors and their interactions for post-merger identification

	β	t	p
Dichotomized pre-merger status	.33	6.47	.00
Post-merger status	.44	3.99	.00
Pre-merger identification	.53	9.40	.00
Pre-merger status × post-merger status	–.26	–2.49	.01
Pre-merger status × pre-merger identification	.21	3.89	.00
Post-merger status × pre-merger identification	.24	2.98	.00

$R^2 = 43\%$.

revealed that the pre- and post-merger identification were more strongly related among the employees of the high-status pre-merger organization ($\beta = .64$, $t = 10.32$, $p < .001$) than among employees of the low-status pre-merger organization ($\beta = .26$, $t = 2.34$, $p < .05$). Again this implies that the more employees had identified with their pre-merger organization, the higher their post-merger identification. However, consistent with the work of van Knippenberg and van Leeuwen (2002), this was more the case for employees of the high-status pre-merger organization than for employees of the low-status pre-merger organization.

Finally, in Hypothesis 3 we expected that post-merger status would be positively related to post-merger identification, but only among employees who had identified relatively weakly with their pre-merger organization. Table 3 shows that the interaction between post-merger status and pre-merger identification was significant. Simple slope analyses revealed that the positive relation between post-merger status, and post-merger identification was only significant among employees who had identified relatively weakly with their pre-merger organization ($\beta = .84$, $t = 4.13$, $p < .001$). However, this relation was not significant among employees who had identified relatively strongly with their pre-merger organization ($\beta = .04$, $t = .32$, $p = .75$). This means that Hypothesis 3 was supported.

As noted before, the three-way interaction between post-merger status, pre-merger status and pre-merger identification did not contribute significantly to the explained variance, and was therefore not included in the model. This non-finding contradicts Hypothesis 4, in which we had tentatively predicted a three-way interaction.

Discussion

The purpose of the present study was to tackle key questions about the influence of the perceived status of an organization after a takeover (i.e. post-merger status) upon employees' identification with this new organization. More specifically, we wanted to test the combined impact of post-merger status with two other intergroup concepts that had already been proven to be important predictors of post-merger identification: the status of the pre-merger organization and the level of employees' identification with their pre-merger group. On the basis of a social identity perspective on mergers and acquisitions, three two-way interactions were predicted, as well as a tentative three-way interaction.

Consistent with our first hypothesis, post-merger status was positively related to post-merger identification among employees of the low-status pre-merger organization, and this correlation was higher than among employees of the high-status pre-merger organization. In addition to what was predicted, post-merger status and post-merger identification were not significantly related among employees of the high-status pre-merger group. That is, employees who already belonged to a high-status organization before the merger or acquisition were not at all influenced by post-merger status in their organizational identification. By contrast, employees who belonged to a low-status organization before the merger or acquisition were strongly influenced by the perceived status of the new organization in their identification with this organization. This result suggests that managers can enhance the post-merger identification of employees of the low-status pre-merger organization by providing or emphasizing information that makes the newly merged organization compare favorably with rival companies. Conversely, they should be discrete in communicating information that would make it clear that the new organization compares rather negatively with relevant comparison organizations.

In line with our second hypothesis, pre-merger identification was positively related to employees' post-merger identification, and this relation was stronger for employees of the high-status pre-merger organization than for employees of the low-status pre-merger organization. According to the social identity model of post-merger identification by van Knippenberg and van Leeuwen (2002), this result can be understood by taking into account that in merger contexts, the high-status pre-merger organization is generally much more dominant in the organization after a merger or acquisition than the low-status pre-merger organization. That is, the employees of the high-status pre-merger organization probably perceived the new organization much more as a continuation of their pre-merger organization than did the employees of the low-status pre-merger organization. As a consequence, for employees of the high-status pre-merger organization it was much easier to transfer their pre-merger identification into their post-merger identification. The fact that the relation between pre- and post-merger identification was also significant for employees of the low-status pre-merger group can be understood when taking into account that even though the merger entailed more organizational changes for them than for the employees of the high-status pre-merger organization, they nevertheless experienced some continuation of their pre-merger organization. More specifically, they stayed at their pre-merger site and most of their colleagues remained the same.

As predicted in our third hypothesis, post-merger status was positively related to post-merger identification, but only for employees who had identified relatively weakly with their pre-merger organization. This means that employees who do not feel strong ties with their pre-merger organization are more likely to psychologically disengage from this organization the more they perceive the new organization to have a higher status. By contrast, employees who do feel strong ties with their pre-merger organization cannot be seduced by the prospect of status-enhancement, but remain psychologically faithful to their old group. This means that information about the superior standing of the new organization relative to rival companies will have more effect among low pre-merger identifiers than among strong pre-merger identifiers.

Contrary to our tentative fourth hypothesis, the three-way interaction between post-merger status, pre-merger status and pre-merger identification did not contribute significantly to explaining post-merger identification. A possible reason why this interaction did not emerge in the present study could be the fact that employees of site A1 (i.e. the biggest site of the high pre-merger status organization) generally reported a status loss as a result of the takeover. As outlined in the introduction, this perceived status loss among a considerable segment of the high pre-merger status organization might have counteracted the assumed willingness of strongly identified members of the high-status pre-merger organization to identify more with the new merger group compared with weakly identified members of that high-status pre-merger organization.

On the other hand, the three main hypotheses derived from social identity theory were unequivocally supported. This study is, as far as we know, the first one that demonstrates that post-merger status, in combination with pre-merger status and pre-merger identification, is an important predictor of post-merger identification. Moreover, the three confirmed two-way interactions explained 43% of the variance in employees' post-merger identification, which is a considerable amount. Another strength of the present study is that it offers support for the findings of previous field studies. More specifically, as in van Knippenberg et. al. (2002), pre- and post-merger identification were more strongly related among employees of the higher-status pre-merger group than among employees of the lower-status pre-merger group. Considering that van Knippenberg et al. used white-collar employees (i.e. personnel of administrative government organizations and institutes of secondary education), while our sample consisted mainly of blue-collar workers, the findings of the present study point to the reliability and generalizability of social identity theory across different types of employees, and also suggests that the model is robust. Our study thus adds to the increasing amount of empirical evidence that outlines the relevance of this theoretical perspective to organizational psychology, and in particular to the psychology in mergers and acquisitions (see Haslam, 2004).

Caveats

Although this study has a number of unique strengths, we are aware that there were some limitations to this work. Pre-merger identification was measured retrospectively: respondents had to answer questions about their identification with their pre-merger company *before* the takeover, eight months *after* the takeover had taken place. As a result, respondents may have idealized the situation before the takeover and hence exaggerated their former identification. Future studies should therefore try to collect longitudinal data about the amount of organizational identification both before and after the merger or acquisition. On the other hand, it should be noted that if in the present study respondents all have idealized their pre-merger identification, this will have likely resulted in a restriction of range with respect to this variable, which has made it harder rather than easier for us to confirm our hypotheses.

Second, the response rate in the site of the low-status pre-merger organization was much higher than the response rate in the two sites of the high-status pre-merger organization (i.e. 91% vs. 46% and 33%). As mentioned before, these discrepant response rates were probably caused by the fact that we used a more intense recruitment strategy in the site of the low-status pre-merger organization compared with the two other sites. This was done because we wanted to make sure that we would have enough respondents from the rather limited number of employees of the low-status pre-merger company (i.e. 87). Unfortunately, however, a side effect of this procedure was that the sample of employees in the sites of the high-status pre-merger organization may have been less representative than the sample of employees in the site of the low-status pre-merger organization. Although it seems unlikely, we cannot rule out the possibility that the different recruitment strategies are responsible for the different relations that emerged for employees of the low-status pre-merger company compared with employees of the high-status pre-merger company. For example, it might be that only highly identified employees of sites A1 and A2 were willing to fill in the questionnaire, and this might have biased the results. However, this supposition is contradicted by the observation that respondents of site A2 showed a lower pre-merger identification than respondents of sites A1 and B, who did not differ significantly. Moreover, the standard deviation of pre-merger identification was not smaller in sites A1 and A2 compared with site B.

A final limitation of the present study concerns the specific character of the organizational change under scrutiny, namely a very clear-cut takeover. It was indeed obvious to all employees that company A had completely taken over company B, because company A provided both the culture and name after the takeover. In fact, it can be questioned whether most employees of pre-merger company A experienced much organizational change, also because employees at the different sites had not much contact with each other. This might explain why post-merger status was completely unrelated to post-merger identification among the employees of the high-status pre-merger organization. On the other hand, as explained earlier, employees of company A were affected by the acquisition because they lost orders to site B, which sometimes resulted in the cancellation of profitable nightshifts. Nevertheless, it remains to be seen whether the results of the present study can be generalized to other other industry organizations after a merger or acquisition where the organizational change was somewhat more balanced.

Notes

1. The questionnaires were completed in February 2003, and the takeover had taken place in June 2002.

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