

# KEY PERSONS' ORGANISATIONAL COMMITMENT IN CROSS-BORDER ACQUISITIONS

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*"If you can imagine it  
you can create it,  
if you can dream it,  
you can become it"*

This inspirational phrase was written on a board near the reception desk of a company I visited in Bangalore on 18th December 2007, and has been my guiding light throughout this long journey. It describes how I carried this research through with great commitment, passion and belief that no mountain is too high. However, I found that if one believes nothing is impossible, it's easy to overestimate one's strength and abilities. There were moments when the mountain felt too high. Now that I have actually completed this particular journey, I can take some pride in having managed to create what I first imagined and dreamed of. Nevertheless, this journey wouldn't have been possible without the help of many people.

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# 1 INTRODUCTION

## 1.1 Background of the research

Cross-border mergers and acquisitions (M&As) are increasingly part of everyday business activity. Cross-border M&As are just one element of total foreign direct investment (FDI) flows; in many OECD countries they account for more than half of the total FDIs (International Investment Perspectives... 2007, 14-24). Recent figures implied that, in 2007, the value of cross-border M&As amounted to \$1,637 billion, which was a new record that was 21% higher than the previous record set in 2000. The financial and credit crisis, which began to affect several economies in late 2007, did not affect global M&As in 2007 (World Investment Report 2008, 3). In fact, some very large deals were struck in the latter half of 2007. For example, the acquisition of ABN-AMRO Holding NV for \$98 billion by a consortium of the Royal Bank of Scotland, Fortis and Santander represents the largest deal in banking history (World Investment Report 2008, xv-xvi). However, the financial crisis is likely to have resulted in a downturn in the number and values of cross-border M&As in 2008 (World Investment Report 2008, 3). Nevertheless, it has been argued that shocks, which can be economic, regulatory or technological, create industry merger waves, provided there is sufficient capital liquidity present (Harford 2005). Thus, although the financial crisis in 2008 and 2009 slowed M&A activities, global M&A activity is expected to revive again.

Worldwide, the number of cross-border M&As has grown from 19 deals in 1987 to a record 300 deals in 2007. Similarly, the value of cross-border M&As has increased from \$39.1 billion to a record \$1,161 billion in 2007 (see figure 1 below). Accordingly, cross-border M&As have clearly become increasingly important in business life. M&As provide unique opportunities for the acquirer to grow rapidly, to gain new capabilities, which an organisation might otherwise find difficult to develop on its own, and to gain access to new markets (e.g. Haspeslagh & Jemison, 1991; Hitt, Harisson & Ireland, 2001). Nevertheless, while M&As are becoming increasingly popular as a method of organisational growth and development, the acquisition success rate remains mediocre at best (e.g. Kitching 1967, 91-92; Marks & Mirvis 2001, 80; Pablo & Javidan 2002, 206; King, Dalton, Daily & Covin 2004, 196; Cartwright & Schoenberg 2006, S1; Schoenberg 2006, 368).

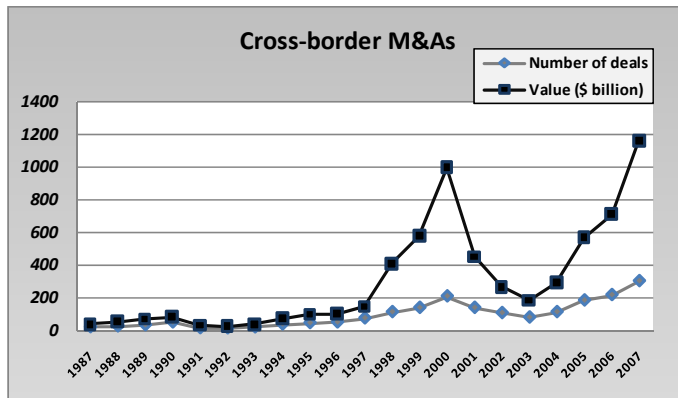


Figure 1 The amount and values of cross-border M&As 1987–2007 (source: UNCTAD cross-border M&A database [www.untacd.org/fdistatistics](http://www.untacd.org/fdistatistics))

Many of the acquisitions since the 1990s have been motivated by the need to obtain critical technologies, knowledge or capabilities (Ranft & Lord, 2000; Porrini 2004; Desyllas & Hughes 2008). M&As represent an important tool to facilitate strategic technology development and diffusion in high technology sector firms (Koivisto & Lampinen 2001, 3). These recent trends can be seen in the growing literature on M&As in the knowledge intensive industries (Birkinshaw 1999; Ranft & Lord 2002; Porrini 2004; Al-Laham & Amburgey 2005; Puranam & Srikanth 2007; Desyllas & Hughes 2008), as well as in research focusing on the impact of M&As on R&D and innovation commitment (Hitt, Hoskisson & Ireland 1990; Hitt, Hoskisson, Ireland & Harrison 1991; Ahuja & Katila 2001; Prabhu, Chandy & Ellis 2005).

However, acquisitions are not just about acquiring another firm's assets, technology and earnings. In many cases human resources are the key element (Noble, Gustafson & Hergert, 1997; Ranft & Lord 2002; Kiessling & Harvey 2006). In M&As where the primary aim is knowledge acquisition, the departure of key persons would affect the success of the acquisition (e.g. Hubbard 1999; Ranft & Lord 2000). Key persons can be defined as those employees who possess critical tacit knowledge (cf. Nonaka 1994), which can be, in addition to technological knowledge also e.g. local knowledge, which is very valuable especially in cross-border acquisition where the acquiring company is not so familiar with the new market (cf. Ranft & Lord 2000; Ali-Yrkkö 2002; Ranft & Marsh 2008).

This research has been inspired by these recent trends in cross-border M&As. In knowledge-intensive acquisitions, the human resources and key persons often represent the most important and/or the only resource in the



acquired organisation. Research suggests that acquisitions lead to higher than normal turnover<sup>1</sup> among target company top management teams and the higher rate of turnover can last for almost nine years after the acquisition (e.g. Krug 2003), and that top management retention would have an impact on the acquisition outcome (e.g. Bergh 2001). Consequently, the retention of key persons can be very important for the success of acquisition (cf. Ranf & Lord 2002; Kiessling & Harvey 2006). It has been suggested that in knowledge intensive acquisitions a greater emphasis on human resource integration is needed (Birkinshaw 1999). On the other hand, based on the literature on employee turnover, organisational commitment is an important factor in determining turnover intentions (cf. Mowday, Porter & Steers 1982; Allen & Meyer 1990; Price 2000; Elangovan 2001). This research is not about turnover or retention as such, but about on organisational commitment and its development. Consequently, this research focuses on *key persons' organisational commitment in knowledge intensive cross-border acquisitions*.

## 1.2 The research gap

Mergers and acquisitions research has been ongoing for more than three decades (Cartwright & Schoenberg 2006). It has been argued that cross-border M&As are viewed merely as a subtopic, which has not been universally recognised as requiring independent research from the topic of M&A per se (Shimizu, Hitt, Vaidyahath & Pisano 2004). However, the dynamics of international M&As are to a great extent similar to those of domestic M&As. Nevertheless, due to their international nature, cross-border M&As involve unique challenges, due to their various economic, institutional or regulatory and cultural structures (e.g. Child et al. 2001, 2; Hoecklin 1995; Very & Schweiger 2001). There are two factors driving the focus of this research on cross-border acquisitions. First, the global M&A trend shows that the number of cross-border acquisitions has increased dramatically over the past two decades. Second, previous research results imply that cross-border acquisitions would be associated with higher rates of employee turnover over time compared to purely domestic acquisitions (e.g. Krug & Hegarty 1997).

Much of the literature concerning the human factor in acquisitions deals with employee attitudes during and after mergers (e.g. Buono & Bowditch 1989; Cartwright & Cooper 1990; 1993; 1995; Gutknecht & Keys 1993; Hubbard 1999; Marks & Mirvis 2001; Risberg 2001; Kustatscher & Cooper 2005). Moreover, research focusing on the human resource side of M&As has

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<sup>1</sup> Turnover refers to employee turnover throughout the text

typically emphasised the human resource “*problems*” related to integration, such as low motivation, increased dissatisfaction, low commitment and performance, stress, leadership and power struggles, and high employee turnover (cf. Walsh, 1988; Buono & Bowditch, 1989; Datta, 1991; Haspeslagh & Jemison 1991; Cartwright & Cooper 1994<sup>2</sup>; 1992; 1999; Hubbard 1999; Very, Lubatkin & Calori 1996; Very, Lubatkin, Calori & Veiga 1997; Krug & Hegarty, 1997; Birkinshaw, Bresman & Håkanson 2000; Larsson, Driver, Holmqvist & Sweet, 2001; Risberg 2001; Kusstatscher & Cooper, 2005; Klendauer & Deller 2008). Accordingly, the M&A literature does describe how integration problems may decrease organisational commitment, *but little research focuses on how organisational commitment actually evolves during the post-acquisition phase and how to increase the commitment of personnel, or how to make key persons commit to the acquiring company following a cross-border acquisition.*

Research focusing on M&As in the high technology sector has highlighted issues related to the impact of acquisitions on innovations (e.g. Hitt et al. 1990; Hitt et al. 1991; Ahuja & Katila 2001; Prabhu et al. 2005), to knowledge and technology transfer (e.g. Buono 1997; Bresman et al. 1999; Schoenberg 2001; Hébert, Very & Beamish 2005), value creation (e.g. Chaudhuri & Tabrizi 1999; Graebner 2004; Porrini 2004), and knowledge acquisition or technology sourcing through corporate acquisitions (e.g. Coff 1999; Koivisto & Lampinen 2001; Ranft & Lord 2002; Al-Laham & Amburgey 2005; Puranam & Srikanth 2007; Desyllas & Hughes 2008). Research has also been conducted on the post-acquisition integration phase and the impact of the acquisition on key inventors (e.g. Birkinshaw 1999; Ernst & Vitt 2000). In short, high technology sector M&A research has largely speaking examined issues related to knowledge acquisition, transfer and exploitation. However, research focusing on the human resource side of knowledge intensive acquisitions and their post-acquisition integration phase is sparse (cf. Birkinshaw 1999; Chaudhuri & Tabrizi 1999; Ernst & Vitt 2000).

Nevertheless, researchers have raised the concern of retaining key personnel, especially when following a knowledge intensive acquisition (e.g. Chaudhuri & Tabrizi 1999; Birkinshaw 1999; Birkinshaw et al. 2000; Ranft & Lord 2000; 2002). This has also been referred to as the brain drain or acquisition drift factor (Lees 2003, 144). It has been argued that the retention of key persons may be critical with regard to acquisition success (cf. Hubbard 1999; Chaudhuri & Tabrizi 1999; Ranft & Lord 2000). On the other hand, it has also been suggested that acquisition failure may result from the retention

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<sup>2</sup> originally In: *Trends in Organisational Behavior*, eds. by Cary L. Cooper & Denise M. Rousseau. Vol. 1, Johan Wiley & Sons Ltd.; Chichester, U.K.

and departure of the wrong top executives of an acquired company (Bergh 2001). Research focusing on human resource turnover and retention in the context of M&As has been quite popular, although empirical research to date has primarily focused on the turnover of the top managers of acquired companies (e.g. Walsh 1988; Cannella & Hambrick 1993; Very, Lubatkin, Calori & Weiga 1997; Krug & Nigh 1998; Bergh 2001; Davis & Nair 2003; Krug 2003; Angwin 2004b, Schoenberg 2004; Krug & Shill 2008). However, unplanned personnel losses occur at all levels, not only among top executives (e.g. Cartwright & Cooper 1999, 47; Ranft & Lord 2002, 432–433; Very 2004, 80). Consequently, this research will focus not only on top executives or key inventors (cf. Ernst & Vitt 2000), but *the concept of key person will be used to refer more generally to any employees from the acquired organisation, i.e. the acquired target company*<sup>3</sup>, which is regarded as critical for the success of an acquisition (e.g. Ranft & Lord 2002; Kiessling & Harvey 2006).

Research on personnel turnover in M&As attempts to explain the departure or turnover rates of acquired firms' executives. Previous research has analysed turnover in M&As from various perspectives, such as the effect of an M&A on an acquired company's management team (e.g. Walsh 1988; Krug 2003; Krug & Shill 2008), the target company's managerial turnover and acquisition outcomes (e.g. Walsh & Ellwood 1991), top management turnover in relation to their perceptions of the merger events (e.g. Walsh 1989; Lubatkin, Schweiger & Weber 1999; Krug & Hegarty 2001), and top management turnover in domestic vs. cross-border M&As (e.g. Krug & Hegarty 1997). More recent research has focused on long term value creation and the acquisition of a company's top management (Sudarsanam & Mahate 2006). However, the majority of research focuses on the target company's top management turnover. Nevertheless, little research focuses on analysing retention (e.g. Haspeslagh & Jemison 1991, 304; Bergh 2001).

Based on the turnover literature, the link between organisational commitment and turnover is indisputable; employees who are strongly committed are those least likely to leave the organisation (e.g. Porter, Steers, Mowday & Boulian 1974; Mowday, Steers & Porter 1979; Allen & Meyer 1990; Elangovan 2001). Recent research has been increasingly interested in the organisational commitment of the acquired employees, although research in this field is still very sparse (e.g. Schraeder 2001; Fairfield-Sonn, Ogilvie & Delvecchio 2002; Nummela 2004; Klendauer & Deller 2008; Raukko 2009a; 2009b). It has been argued that committing the acquired employees to the new owners will enhance the attainment of the operational and strategic objectives of the acquisition (Shrivastava 1986, 72; Hunt & Downing 1990, 196).

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<sup>3</sup> The acquired company will be referred both as acquired or target company throughout the text

Consequently, organisational commitment is not only related to retention but also to several other positive outcomes. M&A's can create great emotional shock (e.g. Ivancevich, Schweiger & Power 1987; Cartwright & Cooper 1992; Hubbard 1999), and it may be a long time before employees of the two companies really feel committed to the newly merged company and develop a "we" feeling (cf. Kusstatscher & Cooper 2005). However, research on organisational commitment in the context of M&As is very limited.

Accordingly, based on the literature review, there is a clear gap in the understanding of how to make key persons in cross-border acquisitions commit to the new parent company. Moreover, there is sparse research focusing on the target company's perspective or the targeted top managers' perceptions in an M&A (e.g. Chatterjee et al., 1992; Pablo, 1994; Graebner, 2004). Despite the extensive research on top management turnover, there is little understanding of how organisational commitment develops towards the acquiring parent company and how to retain key persons during the post-acquisition phase (cf. Schraeder 2001; Fairfield-Sonn et al. 2002; Nummela 2004; Klendauer & Deller 2008). There is a need to understand how to retain and commit the key persons in an acquired company in knowledge intensive acquisitions, if their departure could affect the success of the M&A. Consequently, based on the literature review, this research fills the research gap by focusing on *the organisational commitment of the acquired key persons in cross-border acquisitions*. This research will therefore focus on the perspective of the acquired key persons', i.e. how they view their commitment and what would make them commit to the newly created company in the same way that they were committed to company prior to its merger.

### 1.3 The purpose of this research

The purpose of this research is to analyse and explain the development of *acquired* key persons' organisational commitment to the acquiring parent company in cross-border acquisitions. The primary research problem is thus "*How the acquired key persons' organisational commitment develops following a cross-border acquisition*". This research question can be divided into the following sub-questions:

1. *Who are the key persons in the acquired company, and (if their commitment does differ) how does their commitment differ from the organisational commitment of other personnel?*
2. *How does the cross-border acquisition influence the organisational commitment of key persons?*

### 3. *How can acquired key persons be induced to commit to the acquiring company?*

This research focuses on acquired key persons for several reasons. Both in knowledge intensive and cross-border acquisitions key persons have critical knowledge and the know-how to organise and manage their day-to-day business. Thus, they are the repository of the acquired firms' knowledge (Ranft & Lord 2002, 432), and represent a large part of the value of the company (cf. Very 2004, 80). Consequently, their retention is important for the success of an acquisition (cf. Ranft & Lord 2002). Moreover, research focusing on the acquired key persons and their role in the post-acquisition integration process is sparse (cf. Schuler, Jackson & Luo 2004; Kiessling & Harvey 2006; Raukko 2009b).

Key persons are defined broadly as those acquired employees and managers who are regarded as critical (see also chapter 1.6.2). The main objective is to obtain a deeper understanding of organisational commitment in the context of cross-border M&As. Consequently, the focus is to analyse the various aspects of organisational commitment, i.e. how it develops (increases, decreases or remains stable), and what commitment practices are regarded as important. The main idea is to provide useful tools for attaining the commitment of the acquired key persons when necessary. In order better to understand the organisational commitment of key persons, the development of their organisational commitment is analysed in relation to other employees. Moreover, those persons considered key during the early acquisition process may not later be regarded as critical, since the person e.g. may not be as critical as their position initially implied and/or there might be more talented key persons in the acquiring organisation (e.g. Hubbard 1999, 150; Erkkilä 2001, 168–169). Consequently, research question (1), i.e. “Who are the key persons in the acquired company” is of a dynamic nature and takes into account the fact that the concept may change during the research process.

The theoretical framework is built on the HR integration literature in the field of M&As and the organisational commitment theories. The M&A literature draws on the extensive post-acquisition literature focusing on HR integration (cf. Buono & Bowditch 1989; Datta 1991; Cartwright & Cooper 1992; 1993; 1995; 1999; Very et al. 1996; Hubbart 1999; Risberg 2001; Very 2004; Kusstatscher & Cooper 2005; Teerikangas 2006). Although this research focuses on organisational commitment, it is analysed in relation to concepts closely related to organisational commitment such as work commitment, career commitment, organisational identification and turnover intentions (cf. Mowday et al. 1982; Mobley 1982; Morrow 1983; 1993; Meyer & Allen 1997; Price 2000; Elangovan 2001). However, this research does not focus on the outcomes of organisational commitment, such as turnover or

retention. Additionally, as this research focuses on the organisational commitment of key persons from the acquired company, organisational commitment is viewed in the context of the acquired company's cultural background, and cultural differences in the conceptualisation of organisational commitment are not analysed here. Consequently, the research results reflect solely the view of the acquired key persons in relation to their cultural background. Nevertheless, the challenges related to the cross-cultural management and attaining the commitment of key persons to the acquiring company are analysed in the context of the cross-border acquisition.

It has been argued that longitudinal studies of M&As remain uncommon (Cartwright & Schoenberg 2006, S3). As this research focuses on the development of key persons' organisational commitment, a longitudinal approach is essential (e.g. Leonard-Barton 1990; Pettigrew 1990; Menard 1991). Consequently, this research takes the form of a longitudinal single case study. Moreover, in order to obtain richer data, such data were collected both quantitatively and qualitatively over a period of two years. The case in this research is *an Indian-European cross-border acquisition in the IT field*. The research focuses on the development of the organisational commitment of the European target company's key persons. By combining qualitative and quantitative methods, the research makes a significant empirical contribution towards understanding both the individual and organisational level of organisational commitment in M&As (cf. Brannen & Peterson 2009). The research design is described in greater depth in chapter 1.5 and chapter 3.

#### 1.4 The positioning of the research

This research can be described as interdisciplinary, as several theoretical and methodological approaches are used to explore the phenomenon of key persons' organisational commitment in cross-border acquisitions. During recent decades, there has been a growing theoretical pluralism in organisational literature, as researchers have become more aware of the complexity of organisations, also it has been acknowledged that the interplay between different perspectives helps in gaining a more comprehensive understanding of organisational life. While theoretical pluralism should be encouraged in order to enhance novel aspects of organisational life and sharpen researchers' critical inquiry, it does on the other hand add to theoretical compartmentalisation. And it becomes easy to lose sight of the ways in which the various schools of thought are related to each other. Nevertheless, integration is possible, if it is recognised that different

perspectives can represent different pictures of the same organisational phenomenon without nullifying each other. (Astley & Van de Ven 1983, 245.)

Consequently, this research does not build upon one theoretical approach or one method, but attempts to obtain a better understanding of the phenomenon under scrutiny by combining various approaches. As M&As are highly complex and multifaceted, such an approach has been encouraged by other researchers (e.g. Larsson & Finkelstein 1999; Teerikangas 2006). This research falls in both the field of international business and in that of organisational science, more specifically in the field of organisational behaviour. Accordingly, the main theoretical framework is based on the human resource side of M&As (see e.g. Haspeslagh & Jemison 1991, 303–306), and organisational commitment theories (e.g. Porter et al. 1974; Mowday et al. 1979;1982; Allen & Meyer 1990; Meyer et Allen 1997).

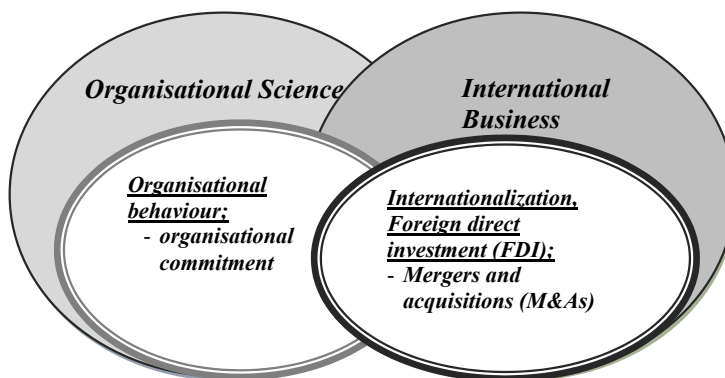


Figure 2 The positioning of this research

Organisational behaviour has the valuable effect of reminding researchers that in the final analysis, organisational theorizing comes down to predictions of behaviour (Weick 1979, 35). Organisational behaviour has long been divided into research focusing on individual level experiences, such as attitudes and motivation, and organisational level outcomes e.g. strategic change. Classic micro organisational behaviour research has focused on individual attitudes, cognitions, behaviours and performance. Research on commitment is a typical example of micro organisational behaviour research. (Rousseau & House 1994, 14.) Additionally, research on the effect of major organisational events, such as M&As on organisational commitment has also been scarce.

The concept of organisational commitment has been defined in various ways and studied extensively. However, the field is still very fragmented as

there is no common conceptualisation of organisational commitment and there have been some problems in the operationalisation of the concept (see Benkhoff 1997; Hartmann & Bambakas 2001), and it has been argued that in order to truly understand organisational commitment a multiple commitment approach is needed (cf. Morrow 1983; 1993; Reichers 1985). Moreover, organisational commitment has been strongly linked to organisational identification (e.g. Hall, Schneider & Nygren 1970; Mathieu & Zajac 1990; Mael & Ashforth 1992; Kusstatscher & Cooper 2005) and turnover intentions (e.g. Mobley 1977; 1982; Kim et al. 1996; Price 1995; 2000). The main contribution of this research to the field of organisational commitment is the analysis of *the development of commitment* in the context of an Indian-European acquisition, and in relation to related concepts such as work-related commitments, organisational identity and turnover intentions.

On the other hand, international business (IB) is a vast field covering various streams of research (Buckley & Chapman, 1996; Toyne & Nigh, 1998; Peng, 2004; Shenkar, 2004). Therefore, in figure 2 above organisational science is viewed as being linked to the field of IB; as there is much interdisciplinary research that contributes to both research streams. This research contributes to the fields of foreign direct investments (FDI), more specifically mergers and acquisitions. The dominant question in the IB field has over the years shifted from FDI decision to conditions conducive to the existence and growth of multinational firms, and finally to a firm's role in a network of interdependent entities (Weisfelder 2001, 38). The IB research tradition includes the industrial-organisation theory, internalisation theory, the eclectic theory of international production, transaction-cost theory, and the internationalisation model and network theory of Nordic research (Weisfelder 2001, 16). The past major topics in IB research have explained the flows of FDI, explanation of existence, strategy and organisations of MNEs, and internationalisation to globalisation and its "new forms" of IB (Buckley 2002).

FDIs have been studied from the 1930s (e.g. Weisfelder 2001; Buckley 2002; Dunning 2003). Penrose (1959) provides a theoretical foundation for the internalisation and growth of firms (also Weisfelder 2001, 20). She provided a general analysis of the relation of M&A to the process or expansion of the firm, as opposed to organic growth, and also introduced the concepts of 'business acquisition' (Penrose 1959, 155–156). FDI research has also been advanced by the works of Dunning (1958)<sup>4</sup>, Hymer (1960)<sup>5</sup>, Vernon (1966)<sup>6</sup>,

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<sup>4</sup> Original source: Dunning, J. H. (1958) *American Investment in British Manufacturing Industry*, George Allen & Unwin: London.

<sup>5</sup> Hymer, S. H. (1960) *The international operations of national firms: a study of foreign direct investment*. Ph.D. thesis, MIT, Cambridge, MA (published by MIT Press under the same title in 1976).



Caves (1971)<sup>7</sup> (e.g. Weisfelder 2001; Buckley 2002; Dunning 2003). However, FDI research has largely focused on strategic issues related to entry modes and issues related to cross-border management following FDIs have received less attention. M&As also have a high failure rate and cross-border acquisitions face numerous challenges, which adds to the list of reasons for studying them (e.g. Kitching 1967; Pablo & Javidan 2002; Cartwright & Schoenberg 2006; Schoenberg 2006). Thus, based on the issues pointed out above, this research is interested in the cross-border management of international business activities resulting from M&As.

M&As have remained an interesting research topic for over 30 years. During this time, M&As have been approached from several theoretical perspectives such as financial, strategic, behavioural, operational and cross-cultural aspects (Cartwright & Schoenberg 2006). However, it has been argued that a theory of M&A is still required (e.g. Trautwein 1990; Teerikangas 2006; Cartwright & Schoenberg 2006). Moreover, existing M&A research has not been able to identify those variables that impact on an acquiring firm's subsequent performance, and it has been suggested that changes in both M&A theory and research methods may be needed (King et al. 2004, 188). Moreover, it has been argued that M&A research has tended to develop along discipline based lines, which has brought detailed insights into a number of aspects, but has hindered the development of a more holistic understanding of what determines the performance of M&As and the consequences they bring for both parties (Cartwright & Schoenberg 2006, S1–S2). *Methodologically* there are relative few qualitative and/or longitudinal studies (cf. Schweiger & Denisi 1991; Larsson & Finkelstein 1999; Fairfield-Sonn et al. 2002; Schweiger & Goulet 2002; Teerikangas 2006) or studies using both qualitative and quantitative research methods (cf. Kavanagh & Ashkanasy 2006) on both organisational commitment research and M&A research.

To sum up this section, it can be said that although both the field of organisational commitment and M&As have been studied extensively, there are still many research gaps. This research will combine organisational behaviour and M&A theories to obtain a better understanding of how the organisational commitment of key persons changes following a cross-border acquisition. *This research contributes to the field of M&A* by extending our understanding of human resource issues in cross-border acquisitions and by providing an approach and tools that enable an acquiring company to make those key persons considered critical to the acquisition commit to the

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<sup>6</sup> Vernon, R. (1966) International investment and international trade in the product cycle. *Quarterly Journal of Economics*, Vol. 80, 190–207.

<sup>7</sup> Caves, R. E. (1971) International corporations: the industrial economics of foreign investment. *Economica*, Vol. 38: 1–27.

acquiring company and retain them, especially in knowledge intensive acquisitions. The longitudinal single case study approach of this research ensures robust and rich data, which in turn should provide a deeper understanding of the phenomenon, i.e. key persons' organisational commitment when they are acquired by another company, in its context i.e. cross-border acquisitions.

## 1.5 The research design

In order to obtain a better understanding on how the organisational commitment of key persons from an acquired company develops, a longitudinal case study approach was adopted. The case in this research is an Indian-European cross-border acquisition in the IT field. In order to obtain richer data and a better understanding, the development of key persons' organisational commitment in cross-border M&As data were collected with both quantitative repetitive questionnaires and qualitative interviews. The quantitative data were collected through four repetitive surveys. On every occasion a survey was carried out it was done so throughout the whole organisation, but for the longitudinal analysis a panel data of 65 respondents was identified. The main objective of the quantitative data collection was to measure the general commitment 'temperature' in the target organisation in order to obtain a better understanding of the general level of organisational commitment in different employee groups. Furthermore, altogether 104 interviews with 61 interviewees were collected during three data collection periods over two years.

The time frame of two years was decided on together with the case company. The main reason for choosing this time frame was that some of the key persons, namely former owners, were tied to the target company through a two year contract. Consequently, as the key persons were the focus of the research, and their departure would make the data collection impossible, it was decided to frame the data collection period to the first two years when most key persons would be accessible for the research.

The research design for this research is very complex. The research process started in autumn 2004 with a literature review on the key concepts. In autumn 2005 the preliminary questionnaire for the quantitative data collection was tested in a small and medium sized company that had been acquired two years ago by a Dutch company (see chapter 3.3.2.1. for more details). The actual case study company was found in autumn 2006 and the data collection started in December 2006 and ended in June 2008. The data collection process was carefully planned before hand; the main idea was to collect data at 6 month

intervals in order to capture the changes in and development of organisational commitment at regular intervals. Nevertheless, the data collection process was also guided by the critical events in the integration process, i.e. questionnaires were delivered usually around the time of organisational changes. The idea was then to collect qualitative data after the quantitative data in order to find explanations for the results. Figure 3 illustrates how the research proceeded and how the mixed methodology was implemented in this research.

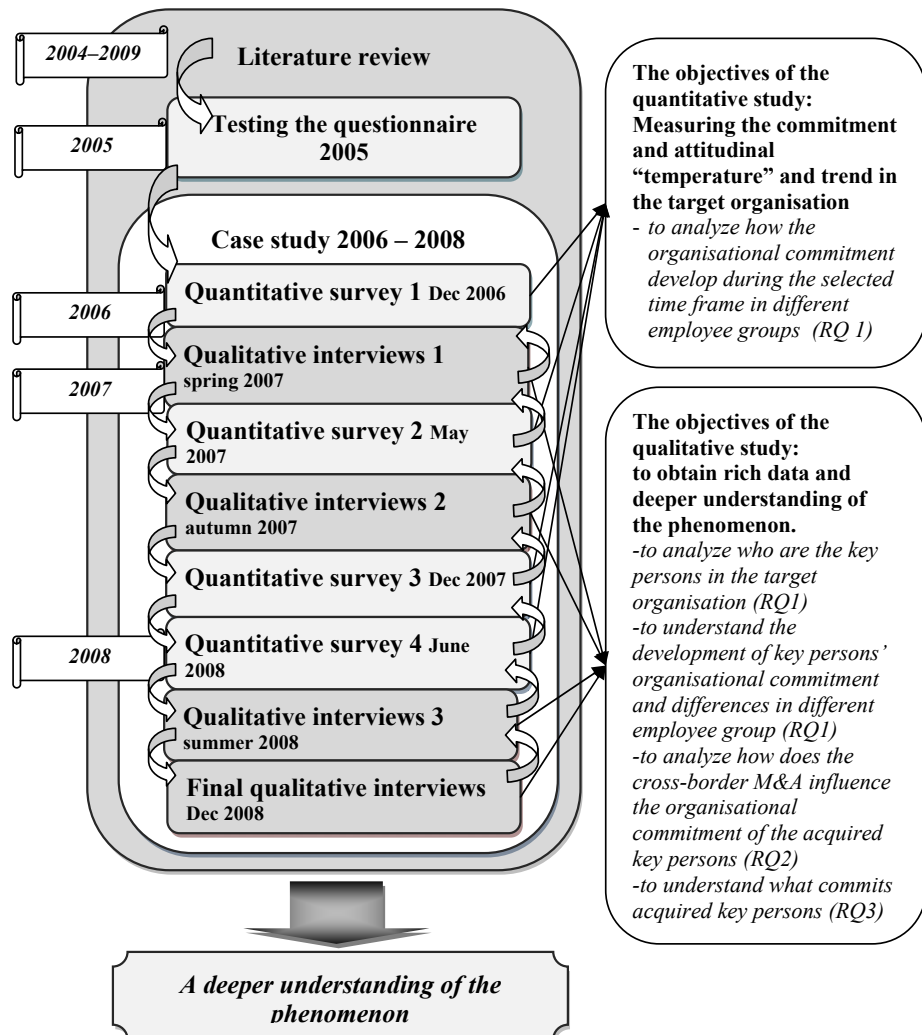


Figure 3 The research design and objectives

Figure 3 illustrates the whole research design, the data collection times and sequence, as well as the objectives of both the collection of the qualitative and

quantitative data. The main objective of the single case study was to obtain a deeper understanding of the phenomenon in order to *explain the development of key persons' organisational commitment in cross-border acquisitions*. The objectives of the quantitative research design was to collect data regularly in order to describe *how* organisational commitment developed, i.e. it aimed to describe the trend in the target organisation and to identify changes at the organisational level of organisational commitment and potential differences between employee groups. In addition, the quantitative research design enabled the analysis of the causal relationship between the key variables. On the other hand, the main objective of the collection of the qualitative data, was to explain *how* and *why* organisational commitment developed in the manner it did.

The researcher remained open to new emerging issues from the qualitative interview data. Consequently, the research process became one in which the researcher had to remain vigilant to new issues that emerged from the data. This result was that the literature was constantly reviewed in the light of emerging issues to see whether the theories or the theoretical framework needed revising. The research process proceeded in a hermeneutic manner where measures and concepts were revised as the process went on. However, the focus of the research remained on organisational commitment, although it might be argued that following the development of the case company would have enabled the discovery a new and maybe more important research topic. Nevertheless, the researcher was very conscious of the vast prior research on M&A and organisational commitment, and focused on the identified research gap.

The selected longitudinal research design was complex and laborious. The rich data gained could easily spur new research questions, and thus the researcher needed to remain focused. A longitudinal research design also demands patience as the results can only be generated at the end of the process. Furthermore, change can only be analysed once all the data are collected. The cross-sectional results along the research process gave a preliminary insight to the results, but could also have easily lured the researcher to putting too much emphasis on issues that would have been less relevant in relation to the main issues. Longitudinal studies of M&As are still rare, mainly because it is difficult to maintain a representative sample size over time (cf. Cartwright & Schoenberg 2006, S3) but more importantly they require a great deal of resources in terms of cost and time, and long term access and relationships between the researcher and the host organisation(s) involved (e.g. Smith, Gannon & Sapienza 1989; Buckley & Chapman 1996). Nonetheless, the benefits exceed the above mentioned challenges. This design permitted the researcher to not only describe the development and change in

organisational commitment during the first two years of the integration process, but also to understand why changes occurred or not. Qualitative interview data complemented with quantitative data enabled the researcher to compare individual level data to organisational level data and thus to obtain a more complete picture of the phenomenon. The research methodology is described in more detail in chapter 3. First chapter 2 will define the theoretical framework. Chapter 4 tackles the actual research results. Finally chapter 5 presents the conclusions.

## 1.6 The core concepts

M&As and organisational commitment have both been extensively studied during the past decades. It has been argued that IB researchers lag behind in their tools and concepts for properly approaching the multidimensional IB field (e.g. Wright & Ricks 1994, 698). In order to truly contribute to existing literature and increase the transparency and comparability of the research results it is important to clearly define the research concepts (e.g. Buckley & Chapman 1996).

### 1.6.1 Cross-border acquisitions

It has been argued that literature on mergers and acquisitions often group these concepts under the common term M&As and in many researches the words merger and acquisition are used interchangeably (e.g. Anderson, Havila & Salmi 2001, 576; Child, Faulkner & Pitkethly 2001, 7; Lees 2003, 273; Kusstatscher & Cooper 2005, 2–3). In many cases the concept of merger refers to friendly deals where the combination of two firms happens in cooperation (see e.g. Haspeslagh & Jemison 1991; Hitt, Harrison & Ireland 2001, 10, 66–67; Jagersma 2005, 14). However, true mergers are rare, and according to data from the World Investment Report (UNCTAD 2000)<sup>8</sup> less than 3% of M&As are actually mergers (Lundan & Hagedoorn 2001, 234). Often the concept merger is used as a synonym for integration (see e.g. Lees 2003, 115–128).

Acquisitions, on the other hand, are the combination of two companies of different qualities (Jagersma 2005, 14). Research in the field of foreign direct investments (FDI) defines acquisitions through the level of investment (e.g. Folta 1998; Hennart & Larimo 1998; Larimo 2003). An acquisition is the

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<sup>8</sup> See UNCTAD, World Investment Report 2000: Mergers and Acquisitions. United Nations: New York and Geneva original source: Federal Trade Commission.

purchase of ownership in an existing local company in an amount sufficient to confer some control, i.e. a minimum limit of at least 10 percent ownership (see e.g. Larimo 2003). Acquisition refers to a company obtaining ownership of a company by acquiring a sufficient number of shares (Cartwright & Cooper 1999, 33–35). In this research, the concept “acquisition” refers to the acquisition of one entire corporation by another corporation, or the acquisition of part of a business from an ongoing organisation (see Capron 1999, 988). Thus, this research focuses on acquisitions, in which the acquirer obtains control over the subsidiary through majority ownership. Nevertheless, *as literature and colloquial language use the term merger or M&A to refer to what is actually an acquisition, this research will follow this custom. Cross-border acquisitions are defined in this research as being those undertaken between companies of different national origins* (e.g. Child et al. 2001, 7; Shimizu et al. 2004, 309; Jagersma 2005, 14).

There are different types of acquisition (cf. Kitching 1967). It has been argued that acknowledging the various types of acquisition is important in order to understand the different HR issues that might arise in cross-border acquisition (Schuler, Tarique & Jackson 2004, 113). First, the *vertical type* refers to acquisitions, which combine two companies from successive processes within the same industry. Second, acquisitions of the *horizontal type* combine two companies with similar activities within the same industry. Third, *conglomerate* acquisitions occur when the acquired company has a completely unrelated field of business activities. As the current cross-border M&As involve the same or related industries (New patterns of industrial globalisation 2001, 17–18) it is difficult to find truly unrelated acquisitions. However, the deals between insurance companies and banks illustrate somewhat the situation of conglomerate acquisitions. Finally, an acquisition can also be *concentric* when the acquired company is from a related business field but its business activities are unfamiliar to the acquirer (Cartwright & Cooper 1992, 2–3; Kusstatscher & Cooper 2005, 12–13). According to one categorisation, concentric acquisitions can refer to product or market extension. Another way of categorising acquisitions would be to divide them into related and unrelated ones. Unrelated acquisitions refer to conglomerate acquisitions, whereas related acquisitions refer to vertical, horizontal and concentric acquisition (Walsh 1988, 174–175<sup>9</sup>).

Haspelslagh and Jemison (1991) also categorised acquisitions based on the type of integration approach. They defined four kinds of acquisition: preservation, symbiosis, holding and absorption. Absorption acquisitions are

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<sup>9</sup> Original source: Federal Trade Commission. *Statistical reports on mergers and acquisitions, 1978*, U.S. Government Printing Office, Washington D.C., 1980, 108–109.

those where there is a high need for strategic interdependence and a low need for organisational independence. Preservation acquisitions are the opposite of absorption acquisitions as these need organisational autonomy and the need for strategic interdependence is low. Holding acquisitions are those with no need to integrate and create value. The opposite of holdings are symbiosis acquisitions, which are those with a high need for strategic interdependence and a high need for autonomy (Haspeslagh & Jemison 1991, 145–149). Lees (2003) follows this logic by defining M&As based on the degree of integration, i.e. from wholly independent to fully integrated (Lees 2003, 114). Additionally, acquisitions can be differentiated between a friendly or hostile takeover. The case study here represents a friendly acquisition, which could be defined *as concentric* as both companies do operate in the same industry but their business activities are slightly different and complementary. During the first two years only a little integration took place, which left the acquired company relatively independent. The case will be described in more detail in chapter 3.

### 1.6.2 Key persons

Key persons have been defined in various ways, however they all appear to have in common the notion of critical knowledge, which often is tacit (i.e. Nonaka 1994; Ranft and Lord 2000). It has been argued that knowledge workers are extremely valuable to their company, as their value to the organisation is mostly intangible and not easily replicated (Stovel & Bontis 2002, 304). Knowledge can be divided into tacit or explicit knowledge. The distinction between tacit and explicit knowledge (see Nonaka 1994, 16–17), or known and unknown knowledge (see Bukowitz & Williams 1999, 4), also helps to explain why companies are vulnerable to employee turnover because a company can never entirely capture what an employee knows (Boxall & Purcell 2003, 83). Consequently, the loss of tacit knowledge is disastrous for the acquirer in cross-border acquisition.

Knowledge worker may refer to company presidents but also to engineers, computer programmers, salesmen etc. (Drucker 1973, 30). Consequently, many of these persons are not top managers, but instead are located in different functions throughout the organisation (cf. Badaracco 1991, 80–82; Ranft & Lord 2002, 432–433). Critical knowledge does not necessarily refer to technological expertise, in fact, in the case of cross-border acquisitions country or continent specific know-how can be critical knowledge (Ali-Yrkkö 2002, 12; Ranft & Marsh 2008, 53). Moreover, specific groups or teams containing key persons such as sales group may be regarded critical (e.g. Ranft

& Lord 2002, 433), and changes in key persons may impact the company's customer relationships (cf. Andersson, Havila & Salmi 2001). The key persons to retain are those that possess individual expertise about a particular technology, or those individuals that are part of a group that plays a critical part in generating the company's value-creating capabilities. These key persons are important to retain during the post-acquisition implementation period. (Ranft & Lord 2000, 299.) Often the initial identification of key persons during the pre-acquisition phase is largely based on the information received from the target company managers (Hubbard 1999, 149). In this research *key persons are defined as those managers and/or employees in the acquired organisation, which are regarded as critical for ensuring the success of the acquisition and the continuity of the business in the acquired organisation (cf. Ranft & Lord 2002; Schuler et al. 2004; Very 2004; Kiessling & Harvey 2006).*

There are many reasons why this research focuses on the key persons from the acquired company. Firstly, the acquired key persons' perceptions and willingness to stay or depart has not been considered in the same depth as the acquirer's has (cf. Krug & Hegarty 2001, 185). Secondly, as mentioned earlier, M&As are increasingly about acquiring knowledge. In these acquisitions key persons embody an acquired firm's intellectual capital and are the repository of much of its technology capabilities. It has been argued that the departure of key persons affects the success of an acquisition (Ranft & Lord 2000, 297). This is because the loss of key persons may damage the competitive advantage of a company and lead to financial losses (Schuler et al. 2004, 101). Furthermore, results imply that organisational commitment has a direct link to knowledge sharing (Hislop 2003; Van den Hooff & De Ridder 2004; Thompson & Heron 2005). Consequently, the organisational commitment of key persons appears to be in many ways critical to the success of an acquisition, not only from the perspective of retention *per se*.

### 1.6.3 Organisational commitment

The concept of organisational commitment has been defined in various ways and studied extensively (e.g. Mathieu & Zajac 1990; Morrow 1993; Cooper-Hakim & Viswevaran 2005). Usually when a person is described as committed, it implies that this person is committed to something e.g. to his/her organisation or to a specific project (Meyer & Allen 1997, 16). Commitments include an understanding of what must be done by a committed party to uphold the commitment (Brown 1996, 233). The concept of commitment and organisational commitment are often used interchangeably. This has led the



field of research becoming fragmented and it is now marked by a lack of consensus concerning the definition of the concept or its measurement (see e.g. Mowday et al. 1982; Morrow 1983; 1993; Mathieu & Zajac 1990; Meyer & Allen 1997; Benkhoff 1997; Hartman & Bambakas 2001; Cooper-Hakim & Viswevaran 2005).

In commitment research two common distinctions have been made; first, between an attitudinal and a behavioural approach to commitment and second, between an affective and a continuance commitment concept (Mowday et al 1982; Meyer & Allen 1991; Brown 1996). These concepts form a typology of organisational commitment, dividing commitment first into attitudinal and behavioural commitment and then subdividing attitudinal commitment into affective, continuance and normative commitment (Brown 1996, 232). Affective commitment refers to an affective or emotional attachment to the organisation. Consequently, a strongly committed individual identifies with, is involved with, and enjoys membership in the organisation. The affective attachment approach is probably best represented by the work of Porter et al. (1974). (Allen & Meyer 1990, 2.) Continuance commitment refers to an awareness of the costs associated with leaving an organisation. Finally, normative commitment reflects a feeling of obligation to continue employment, i.e. employees feel they ought to remain with the organisation that has employed them. Affective, continuance and normative commitment represent the three-component framework of organisational commitment. (Meyer & Allen 1991, 67.) This research focuses on *attitudinal commitment, and more specifically on affective commitment.*

According to Morrow (1983), there are over 25 commitment related concepts and measures, and in a more recent review Cooper-Hakim and Viswevaran (2005) identified 24 forms of commitment. The most common conceptualisation found in the literature states that *employees who are strongly committed are those who are least likely to leave the organisation* (e.g. Porter et al. 1974, Mowday et al. 1979, Allen & Meyer 1990; Elangovan 2001). Consequently, the underlying assumption of this research is that the retention of key persons may be ensured through increased organisational commitment. Organisational commitment can be defined as a social psychological state of deep identification with and dependence on an employing organisation (e.g. Lincoln & Kalleberg 1990, 249; Meyer & Allen 1997, 11). Following Mowday, Porter and Steer's (1982) definition, in this research *organisational commitment is defined as the relative strength of an individual's identification with and involvement in a particular organisation.* Based on this definition organisational commitment is viewed as being more than a passive loyalty to an organisation; it involves an active relationship with the organisation such

that the individuals are willing to give something of themselves in order to contribute to the organisation's well-being. (Mowday et al. 1982, 27.)

In summary, this research focuses on *affective commitment* (cf. Porter et al. 1974; Mowday et al. 1982; Meyer & Allen 1991). The underlying assumption is that an M&A disrupts affective feelings of attachment and loyalty towards their target organisation (cf. Kusstatscher & Cooper 2005; Raukko 2009). Based on the methodological reasonings (see chapter 3) and the recommendations of various scholars (e.g. Reichers 1985; Mathieu & Zajac 1990; Meyer, Becker & Van Dick 2006), organisational commitment is operationalised in the quantitative surveys according to Porter et al.'s definition (1974), which defines organisational commitment as a strong belief in and acceptance of an organisation's goals and values, a willingness to exert considerable effort on behalf of an organisation, and a definitive desire to maintain organisational membership. Moreover, in line with previous research the multidimensional approach to commitment is employed, i.e. it is acknowledged that organisational commitment is only one of the things an employees' is committed to at the workplace. Organisational commitment research and its theories are discussed in more depth in chapter 2.2.

## 2 THEORETICAL FRAMEWORK

### 2.1 The human resource side of cross-border acquisitions

#### 2.1.1 Research on mergers and acquisition

Mergers and acquisition research has been ongoing for 30 years, and during that time this complex phenomenon has been approached from several theoretical perspectives such as financial, strategic, behavioural, operational and cross-cultural aspects. However, M&A research has developed along discipline based lines in a fragmented way, which has indeed produced detailed insights on a great number of issues, but not aided the development of a more holistic and comprehensive understanding (Cartwright & Schoenberg 2006). According to Haspeslagh and Jemison (1991), M&As have been studied by four different schools of thoughts that have their own theoretical roots, objective function and central hypothesis. These schools are the capital markets school or financial economics, the strategy school, the organisational behaviour school and the process school (Haspeslagh & Jemison 1991, 292–306).

The *capital markets school* concentrates on the financial aspects of acquisitions and in particular on the question of whether acquisitions create value and for whom (Haspeslagh & Jemison 1991, 292–306; Birkinshaw et al. 2000, 397). Financial scholars have primarily focused on whether mergers and/or acquisitions create value for shareholders (Cartwright & Schoenberg 2006, S2). There has also been much academic research that focuses on performance and value creation in acquisitions (e.g. Seth 1990; Haspeslagh & Jemison 1991; Capron 1999; Häkkinen 2005).

M&A research from the strategic perspective has been varied (e.g. Hennart & Reddy 1997; Hennart & Larimo 1998; Hubbard 1999; Hitt et al. 2001; Harzing 2002; Very 2004; Kavanagh & Ashkanasy 2006). *Strategic management research* in the M&A field has focused on the identification of strategic and process factors that may explain the performance variance between individual acquisitions (Cartwright & Schoenberg 2006, S2). The strategy researchers are interested in issues concerning strategic fit, the link between performance and the strategic attributes of combining firms, as well as to what extent an acquired company's business should be related to the acquirer and the outcome of the acquisition (Haspeslagh & Jemison 1991,

292–306; Birkinshaw et al. 2000, 397; Cartwright & Schoenberg 2006, S2). According to Jemison and Sitkin (1986), it is useful to think about acquisitions in terms of both strategic and organisational fit.

Recently though, M&A research has been increasingly interested in knowledge acquisition and has focused largely on issues related to knowledge acquisition, transfer and exploitation. Research focusing on M&As in the high technology sector has focused on issues related to the impact of acquisitions on innovations (e.g. Hitt et al. 1990; Hitt et al. 1991; Ahuja & Katila 2001; Prabhu et al. 2005), to knowledge and technology transfer (e.g. Buono 1997; Bresman et al. 1999; Schoenberg 2001; Hébert, Very & Beamish 2005), value creation (e.g. Chauduri & Tabrizi 1999; Graebner 2004; Porrini 2004), and knowledge acquisition or technology sourcing through corporate acquisitions (e.g. Coff 1999; Koivisto & Lampinen 2001; Ranft & Lord 2002; Al-Laham & Amburgey 2005; Puranam & Srikanth 2007; Desyllas & Hughes 2008).

*Organisational behaviour scholars* are concerned with issues related to the impact of an acquisition on individuals and on an organisation's culture and issues concerning "cultural fit" (Haspeslagh & Jemison 1991; Birkinshaw et al. 2000). The human resource research on M&As cover both issues associated with the pre- and post-acquisition phase (Haspeslagh & Jemison 1991, 304). It has been argued that this stream of research has focused on the people aspects of implementation to the neglect of strategic requirements, and typically only the negative impact is examined (Haspeslagh & Jemison 1991, 303–304). The human resource side has thus received more attention and there has been considerable research on post-acquisition issues such as integration processes, integration processes from an employee viewpoint and the post-acquisition turnover of an acquired firm's executives (e.g. Buono & Bowditch 1989; Cartwright & Cooper 1992; Cannella & Hambrick 1993; Noble et al. 1997; Krug & Nigh 1998; Cartwright & Cooper 1999; Birkinshaw et al. 2000; Child et al. 2001; Risberg 2001). *As this research focuses on the organisational commitment of key persons, it belongs in the organisational behaviour school of M&A research (cf. Haspeslagh & Jemison 1991, 303–304).*

Finally, *the process school* is interested in the process of the acquisition and the process of value creation after an acquisition (Haspeslagh & Jemison, 1991, 292–306; Birkinshaw et al. 2000, 397). Process research has focused on the important role of the choice of integration strategy and the acquisition process itself (Cartwright & Schoenberg 2006, S2). Haspeslagh and Jemison (1991) identified the dimensions of the integration process and emphasised the role of strategic objectives in managerial decisions made in the post-acquisition phase of a transaction. According to Zollo and Singh (2004), the process view of acquisitions, which emphasises the integration phase, is

relevant to consider when developing an understanding of the performance of an entire acquisition process.

In general terms, M&A research has focused on strategic issues, such as the decision making processes and the performance of acquired and acquiring firms (e.g. Haspeslagh & Jemison 1991; Datta 1991). Research on cross-border M&As has focused on such issues as the choice of entry, e.g. M&A versus joint ventures or green field investments (e.g. Hennart & Reddy 1997; Hennart & Larimo 1998), or issues related to cultural differences at organisational and national level (Very et al. 1997; Morosini, Shane and Singh 1998). Furthermore, a growing field of research has focused on the cultural dynamics of M&As. This literature has its origins in psychology, organisational behaviour and human resource management, and thus explains the failure of M&As as something that results from a poor culture-fit, a lack of cultural compatibility, and the impact of the M&A itself as well as the effect its process has on individuals (Cartwright & Schoenberg 2006, S3). Cross-border M&A research has included divergent topics such as the choice of the mode of entry, cultural differences at the organisational and national level, knowledge transfer, and critical discourse analysis in analysing the media coverage on cross-border M&As (e.g. Hennart & Reddy 1997; Hennart & Larimo 1998; Morosini et al. 1998; Brouthers & Brouthers 2000; Faulkner, Pitkethly & Child 2002; Harzing 2002; Zaheer, Schomaker & Genc 2003; Tienari, Vaara & Bjökman 2003).

To conclude, M&A is a complex phenomenon, which may be approached through several streams of research, which has led to fragmented research along various disciplines. It has been argued that an integrative perspective combining integration related strategic, managerial, behavioural, attitudinal, motivational, emotional, cultural, and structural factors is necessary in order to appreciate the challenges of the post-acquisition integration phase and to manage the multi-faceted, complex and systemic process such as the post-acquisition integration process represented in a cross-border context (Teerikangas 2006, 310). The HRM issues in M&A research have mainly been studied by the organisational behaviour school. This research focuses on the development of the organisational commitment of key persons in cross-border acquisition, i.e. the HR impact of acquisition, and because organisational commitment has strong roots in the field of organisational behaviour (cf. Weick 1979; Rousseau & House 1994), *this research contributes to the organisational behaviour school of M&A research* (Haspeslagh & Jemison 1991, 304).

### 2.1.2 Value creation in mergers and acquisitions

M&A performance has been widely studied (e.g. Kitching 1967; Seth 1990; Haspeslagh & Jemison 1991; Datta 1991; Capron 1999; Graebner 2004; Schoenberg 2006; Laamanen & Keil 2008). Acquisition performance has been examined mostly from the financial and economic perspective (cf. Datta 1991). These disciplines have relied on objective performance metrics such as share price movements and accounting data to assess the outcome of organisational choices, while organisational behaviour and strategic management have relied on more subjective performance indicators (Schoenberg 2006, 361).

In addition to M&A performance, value creation has been a popular topic related to M&A success (cf. Seth 1990; Haspeslagh & Jemison 1991). Value creation is defined as a long term phenomenon that results from managerial action and interaction between the companies. It embodies the outcome referred to as synergies. Synergies occur when capabilities transferred between companies improve a firm's competitive position and consequently its performance. Thus, value creation reflects a capability-based view. (Haspeslagh & Jemison 1991.) It has been argued that different acquisition types have different sources of value creation (Seth 1990).

Synergies refer to anticipated benefits (Datta 1991). Synergies are the spontaneous creation of energy by two entities coming together, one enhancing the performance of the other (Lees 2003). Synergies usually imply that the acquiring company obtains two benefits, which are an improved operating efficiency based on economies of scale or scope, and the acquiring of some kind of skill and/or the transfer of knowledge. The dominant theory of value creation suggests that related acquisitions are more successful in creating efficiency through synergy. Consequently, acquisitions where the acquirer and the target share operating and corporate strategic similarities are expected to produce significant synergies and improved financial performance. Nevertheless research results regarding relatedness and performance have not been consistent, and Harrison et al. (1991) argue that differences in resource flows may be more likely to produce unique and private synergies (Harrison et al. 1991).

Since the late 1980s, the role of strategic and organisational fit has been emphasised (e.g. Shrivastava 1986; Datta 1991). Nevertheless, it has been argued that strategic and organisational fit offer much potential for synergies, but their realisation depends largely on effective post-acquisition management (cf. Shrivastava 1986; Jemison & Sitkin 1986; Datta 1991; Haspelagh & Jemison 1991; Birkinshaw et al. 2000). Consequently, a different management style can result in conflicts, difficulties in achieving operational synergies,

market share shrinkages and poor performance (Datta 1991, 291). On the other hand, the departure of key executives can be an important factor affecting M&A performance (Walsh 1988; Datta 1991). The role of cultural fit and performance has been an important topic in cross-border M&A research (Weber 1996; Teerikangas & Very 2006). While M&A research often emphasises individual acquisitions, more recent research has analysed the performance of companies engaging in multiple acquisitions (e.g. Very & Schweiger 2001; Laamanen & Keil 2008). Consequently, it may be that companies are developing their capability to manage acquisition programmes (Laamanen & Keil 2008), which should also influence acquisition outcomes.

According to Larsson & Finkelstein (1999), actual synergy realisation is a useful performance measure of value creation in M&A. Synergy realisation is determined by strategic, organisational and human resource factors (Larsson & Finkelstein 2004, 5–11). On the other hand, Birkinshaw et al. (2000) suggest that M&A success depends largely on post-acquisition integration, and more specifically on finding the right balance between human and task integration. According to them, a slower approach emphasising HR integration would facilitate the task integration process and lead to a more guaranteed level of acquisition success (Birkinshaw et al. 2000, 420). The acquired company's knowledge based resources may be destroyed through employee turnover and the disruption of organisation routines (Graebner 2004, 752).

To sum up, M&A success is very complex and research has resulted in mixed findings (cf. Larsson & Finkelstein 1999). In acquisitions where the main target is the knowledge of the acquired firm, the loss of key persons can have an important impact on M&A success (cf. Hubbard 1999; Chaudhuri & Tabrizi 1999; Ranft & Lord 2002; Kiessling & Harvey 2006). It has been argued that acquired employees commitment their new owners may enhance the achievement of the operational and strategic objectives of an acquisition (Shrivastava 1986, 72; Hunt & Downing 1990, 196). Moreover, it has been suggested that the loss of key persons may damage a firm's competitive advantage and create financial losses (Schuler et al. 2004, 101). Consequently, the retention of key persons and their commitment may be crucial in ensuring value creation and achieving synergies.

### 2.1.3 Human resource integration in cross-border acquisition

#### 2.1.3.1 The role of human resource integration in M&A success

In the literature the acquisition process has been defined in various ways (cf. Hall 1986; Buono & Bowditch 1989; Noble et al. 1997; Hubbard 1999; Quah

& Young 2005). No matter how many steps are used to describe the acquisition process, all approaches can be divided into three larger phases, which are the pre-acquisition, acquisition and post-acquisition phases (cf. Appelbaum, Gandell, Shapiro, Belisle & Hoeven 2000a; Appelbaum, Gandell, Shapiro, Belisle & Hoeven 2000b). Various process descriptions tend to emphasise the pre-acquisition phase (cf. Buono & Bowditch 1989; Noble et al. 1997; Hubbard 1999; Quah & Young 2005), although much of the literature concerning human resources concentrates on the post-acquisition phase (e.g. Pritchett 1985; Shrivastava 1986; Buono & Bowditch 1989; Datta 1991; Cartwright & Cooper 1992;1993; 1995; 1999; Birkinshaw et al. 2000; Risberg 2001; Kusstatscher & Cooper 2005).

The *post-acquisition stage* involves an M&A's integration and the attendant acculturation (Hall 1986; Noble et al. 1997). Literature suggests that the planning stage should begin at the pre-acquisition stage and, as the acquisition proceeds, that integration and other issues need careful planning (e.g. Noble et al. 1997, 52–53; Hubbard 1999, 47–90; Erkkilä 2001, 25, 84–92). Consequently, acquisitions should be viewed as a means to achieve strategic outcomes (e.g. Schweiger, Csiszar & Napier 1993; Bower 2001) and therefore the initial goals set during the pre-acquisition stage should not be forgotten during the post-acquisition stage. *The level of integration* during the post-acquisition stage depends on the strategic goals of the acquirer. Some acquisitions have a high need for strategic interdependence, and a low need for organisational autonomy, which would require an absorption approach to integration. For example, in the opposite situation, where there is a low need for strategic interdependence but a high need for organisational autonomy, a preservation approach to the integration process would be more suitable. (Haspeslagh & Jemison 1991, 145–146.) Accordingly, the level of post-acquisition integration may vary from wholly independent to fully merged (Lees 2003, 116). The desired level of integration depends highly on the type of acquisition; hence complete integration is not always desirable and the acquired organisation may be left relatively autonomous (e.g. Haspeslagh & Jemison 1991; Lees 2003). *The speed of integration* refers to the time of completion and the progress over a set period of time. Although the first 100 days have become best practice among practitioners, research results do not show any evidence of the importance of speed of action in the first 100 days with regard to acquisition success. All in all, it is often difficult to determine when the integration phase is completed. (Angwin 2004.)

The integration process can be analysed on different levels and in relation to, for example, *human resource integration, task integration or cultural integration, i.e. the acculturation process* (see e.g. Nahavandi & Malekzadeh 1988; Cartwright & Cooper 1993; Birkinshaw et al. 2000; Teerikangas and



Very 2006). Task integration refers to the operational integration of the organisation, i.e. “organisational infrastructures”, such as practices and systems, while human resource and cultural integration deal with the softer issues of organisational cultures and values. It has been argued that an emphasis on human integration may result in satisfied employees but no in operational synergies, while an emphasis on task integration can lead to the achievement of synergies but the loss of employee motivation. In order to ensure a successful integration process and acquisition outcome, both task and human integration have to be effective (see figure 4 below). (Birkinshaw et al. 2000, 399.) It has been suggested that a knowledge intensive acquisition should be handled with care and adopt a slower process that emphasise human integration (Birkinshaw 1999). Moreover, successful integration requires the alignment of HRM strategy with M&A strategy (Aguilera & Dencker 2004, 1357). Consequently, there has been some research focusing on the strategic role the HR managers and the HR function can have in international M&As (e.g. Aguilera & Dencker 2004; Antila 2006; Björkman & Söderberg 2006).

		<i>Level of completion of task integration</i>	
		<i>low</i>	<i>high</i>
<i>Level of completion of human integration</i>	<i>high</i>	<b><i>Mixed success:</i></b> <i>satisfied employees but no operational synergies achieved</i>	<b><i>Successful acquisition</i></b>
	<i>low</i>	<b><i>Failed acquisition</i></b>	<b><i>Mixed success:</i></b> <i>operational synergies achieved at expense of employees</i>

Figure 4 The post-acquisition integration framework (modified from Birkinshaw et al. 2000, 399)

Moreover, the level and speed of the post-acquisition integration phase, as well as the way it is managed affect the acculturation process (cf. Datta 1991; Cartwright & Cooper 1993). Acculturation in M&As refers to the outcome of a cooperative process whereby the beliefs, assumptions and the values of two previously independent workforces form a jointly determined culture (Larsson & Lubatkin 2001, 1574). This may take the form of assimilation, separation, deculturation or integration, depending on the parties' satisfaction with the

existing culture and the attractiveness of the other culture (Nahavandi & Malekzadeh 1988, 82–83; Cartwright and Cooper 1993, 65). Thus, acculturation refers to the different ways through which the culture, organisational practices, and systems of two companies can be combined. According to the acculturative model, the degree of agreement regarding the mode of acculturation is a central factor in the successful implementation of integration. (Nahavandi & Malekzadeh 1988, 83–84.)

In summary, the human resource side of M&A research has particularly focused on the human resource impact of acquisitions, and emphasised problems related to human resource integration (cf. Haspeslagh & Jemison 1991, 304). Human resource integration alone does not ensure acquisition success, but it is a critical part of it (cf. Birkinshaw et al. 2000). The loss of key persons is one of the most frequently cited reasons for cross-border M&A failure (Schuler et al. 2004, 84–85), which is why this research focuses on the organisational commitment of key persons from the acquired company. M&As create organisational trauma and, therefore, the post-acquisition integration and the subsequent acculturation process may have an impact on the success of an acquisition (Noble et al. 1997, 52–55). The next chapter will introduce the challenges related to HR integration.

### 2.1.3.2 Challenges in human resource integration

The human resource aspect of M&A has been topical for at least three decades, and much of the research concentrating on human integration has emphasised the importance of “human problems” and post-acquisition management (e.g. Jemison & Sitkin 1986; Buono & Bowditch 1989; Datta 1991; Cartwright & Cooper 1992;1999; Risberg 2001; Fairfield-Sonn et al. 2002). In M&A literature, uncertainty about the future and fear of job losses together with changes in working conditions and workload have been identified as major reasons for acquisition related stress, which might erode their job satisfaction and commitment, and even lead to a loss of talented employees (Ivancevich et al. 1987; Buono & Bowditch 1989; Cartwright & Cooper 1992; Hubbard 1999; Ranft & Lord 2000; Lees 2003).

The acculturation process following the post-acquisition integration may result in acculturative stress, which emerges when expectations of what ought to be are not met (Very et al 1996). This is influenced by national cultural differences, but not necessarily in the expected direction because some cultural differences can be a source of attraction rather than stress (Very et al. 1996, 79). The sources of employee resistance may be individual or collective and they may originate from different cultures but additionally from

communication problems and the negative effects of acquisition on a personal level (Larsson et al 2004). It has been suggested that involving the affected employees in socialisation activities will help the acculturation process (cf. Larsson & Lubatkin 2001).

Cross-border M&As involve many challenges from the HR perspective. The employees and managers of an acquired company may find it difficult to adjust to the new foreign parent company, which may have less status or prestige, or is simply unknown (cf. Schuler et al. 2004, 83). It has been argued that in many cases the personnel identifies with their pre-merger company, and it may take a long time until the employees of the two organisations really feel committed to the newly merged company and develop a “we” feeling (Kusstatscher & Cooper 2005, 145). The geographical distance in cross-border M&As may accentuate these problems. In addition, communication in a foreign language and with reference to different cultural backgrounds adds its challenges to the communication in cross-border M&As. And yet, communication is one of the most important things in post-acquisition integration (cf. Risberg 2001; Schuler et al. 2004; Kusstatscher & Cooper 2005). Thus, when people don't have the possibility to meet face-to-face misunderstandings and misinterpretations are more likely to occur than when personnel from the two organisations can meet on daily basis (Risberg 2001, 59). It is important to notice, that employees and managers from the acquired companies interpret the post-acquisition integration phase differently, and the interpretations are ambiguous for individuals, between individuals and between groups. (Risberg 2001, 78–80.) Furthermore, from the HRM point of view one major challenge is the degree of convergence of human resource policies across diverse national cultures (e.g. Child et al. 2001; Aguilera & Dencker 2004; Schuler et al. 2004).

To sum up, cross-border M&As face many challenges regarding human resource integration and cross-cultural management. Based on the extensive literature on human resource issues, there is a deep understanding of the challenges related to HR integration and the effect an M&A may have on human resources (cf. Buono & Bowditch 1989; Datta 1991; Cartwright & Cooper 1992; 1993; 1999; Hubbard 1999; Ranft & Lord 2000; 2002; Risberg 2001; Lees 2003; Schuler et al. 2004; Kusstatscher & Cooper 2005; Teerikangas 2006). Nevertheless, as M&As are increasingly about acquiring knowledge the human capital aspect has become much more critical and moved beyond issues such as change resistance and acculturative stress. The retention and commitment of these valuable resources is becoming more essential (cf. Ranft & Lord 2000; 2002; Schuler et al. 2004; Kiessling & Harvey 2006). The next chapter therefore discusses the characteristics of knowledge intensive acquisitions.

## 2.1.4 Key persons in knowledge intensive cross-border acquisitions

### 2.1.4.1 Knowledge intensive acquisitions

Since the 1990s acquisitions have increased dramatically in high-technology sectors such as software, telecommunications, networking, electronics, information services, and biotechnology (Ranft & Lord 2002, 420). Acquisitions in the knowledge intensive sector are being motivated by the need to gain access to the knowledge contained within an acquired company and transfer it to the acquiring company (Bresman et al. 1999; Koivisto & Lampinen 2001; Ranft & Lord 2002; Al-Laham & Amburgey 2005). Acquisitions of small technology based companies may provide acquirers with the opportunity to acquire an organisational unit that is capable of producing further innovations (Puranam & Srikanth 2007, 806). These developments have resulted in a growing literature on M&As in the knowledge intensive industry (Birkinshaw 1999; Ranft & Lord 2002; Porrini 2004; Al-Laham & Amburgey 2005; Puranam & Srikanth 2005; Desyllas & Hughes 2008) and on the impact of M&As with regard to R&D and innovation commitment of acquiring companies (Hitt et al. 1990; Hitt et al. 1991; Ahuja & Katila 2001; Prabhu et al. 2005). This research will use the concept of knowledge intensive acquisition to refer to M&As where, irrespective of the industry, the main motive behind a M&A is the acquisition of the knowledge embedded in the employees of the acquired company.

Many of the previous studies concerning knowledge and acquisitions have concentrated on purely knowledge management issues such as knowledge transfer (see Bresman et al. 1999; Schoenberg 2001; Ranft & Lord 2000; 2002). Knowledge sharing has been studied in the context of social capital, social networks, and electronic networks (e.g. Droege & Hoobler 2003; Wasko & Faraj 2005) Moreover, research focusing on the willingness of employees to share their knowledge has been approached from several angles, such as communication management (e.g. Van den Hooff & De Ridder 2004), human resource management (e.g. Hislop 2003; Scarbrough 2003) and commitment (e.g. Jarvenpaa & Staples 2001; Hislop 2003; Van den Hoff & De Ridder 2004).

It has been argued that as technology has both technical and social dimensions, technology driven M&As also have two essential dimensions, which are the acquiring of technology assets and technology capabilities (Koivisto & Lampinen 2001, 15). Technology related M&As face many challenges related to the post-acquisition integration process in terms of technology, which are to a large extent related to the communication, control and potential results of the acquired technology (Koivisto & Lampinen 2001,

16–17). Furthermore, foreign acquirers face the problem of valuation, i.e. how to measure the value of a target company's knowledge when its value is largely tacit and comprises future potential (Porrini 2004, Al-Laham & Amburgey 2005, 248). In addition to the typical internal difficulties related to technology transfer, the M&A process itself comprises many challenges, which may contribute to a failure to meet strategic, financial and operational goals (Buono 1997, 194). Based on a recent research, it has been found that expatriates can be used in a newly acquired subsidiary for control or personal training purposes. However, expatriation can, only under the appropriate conditions, constitute a bridge between organisations. It then becomes necessary to develop and diffuse that knowledge based competitive advantage throughout the expanded company (Hébert et al. 2005). Therefore, for technology based acquisitions to be successful there would seem to be a need for supportive managerial and organisational structures and systems (Buono 1997, 203).

Technology acquisitions require a certain degree of autonomy as well as coordination, which are often suggested as underlying implementation difficulties (Birkinshaw 1999; Chauduri & Tabrizi 1999; Graebner 2004; Puranam & Srikanth 2007). It has been argued that post-merger integration helps the acquirers to leverage what the target company “knows” by promoting coordination between an acquirer and the target firm, but hinders their ability to leverage what the acquired firm “does”, e.g. its capabilities, due to the disruptive effects on the target organisation caused by a reduction in autonomy (Puranam & Srikanth 2007, 806).

Intangible assets such as knowledge are very important as they can even determine the success of a company, especially after mergers and acquisitions (Wah 1999, 29). A company's technology related competitiveness is strongly linked to people, skills, organisations, processes and corporate cultures (Koivisto & Lampinen 2001, 23–24). Consequently, key personnel retention is a critically important issue in these acquisitions (Koivisto & Lampinen 2001; Ranft & Lord 2002; Very 2004; Schuler et al. 2004). However, research shows that key inventors not only leave a company after it has been acquired, but they can also significantly reduce their patenting performance after acquisition (Ernst & Vitt 2000). Recent research suggests that organisational commitment would be an important determinant of knowledge sharing, i.e. enhance the willingness to share knowledge (Hislop 2003, 194; Van den Hooff & De Ridder 2004, 119; Thompson & Heron 2005). It has been suggested that especially affective commitment to the acquired and acquiring organisations would create the required positive conditions for knowledge sharing. Moreover, results imply that commitment would positively influence the

sharing of knowledge but not necessarily the collection of knowledge. (Van den Hooff & De Ridder 2004, 119–126).

To sum up this section, M&As are an important means for companies to gain rapid access to technological capabilities (e.g. Ranft & Lord 2002; Graebner 2004; Desyllas & Huges 2008). However, the post-acquisition integration phase adds to the challenges related to knowledge transfer and the leveraging of knowledge as such (e.g. Buono 1997; Puranam & Srikanth 2007). In these acquisitions the retention of key persons is not sufficient; in actual fact it is crucial to commit acquired key persons to the new parent organisation in order to enable knowledge sharing and transfer (cf. Van de Hooff & De Ridder 2004).

#### 2.1.4.2 Key persons and post-acquisition integration in knowledge intensive acquisitions

It has been argued that a high-tech acquisition's success depends on moving beyond the traditional model of acquisitions, where people are secondary to physical assets and brands, and instead focus on people not products (Chaudhuri & Tabrizi 1999, 124). Usually, successful acquirers base the actual level of integration on the type of capability acquired. Consequently, it has been argued that the greater the innovation is, the less integration there is (Chaudhuri & Tabrizi 1999, 130). It has been argued that knowledge workers are very sensible, as their work is heavily conditioned by its individual characteristics, and therefore their jobs are not entirely determined by physical, or even by mental characteristics. In order to make knowledge productive, a knowledge worker has to discover where they work best. (Drucker 1973, 33.) Accordingly, in acquisitions where key persons and their knowledge are critical, integration should proceed slowly at first by integrating human resources (Birkinshaw 1999, 39). Furthermore, the way in which an acquisition is conducted is critical. Employees who feel they have been sold may not be willing to make their expertise available to the acquirer and they may even use it to negatively affect the acquirer (Probst, Raub & Romhardt 2000, 116–117). Moreover, it has been argued that, at least in the early phase of integration, it is better to give key persons more responsibility rather than less, and to make the expectations low rather than high (Chaudhuri & Tabrizi 1999, 130).

Employee turnover is an inevitable phenomenon in an organisational life cycle and also involves monetary and non-monetary costs, e.g. hiring, training etc. (Weisberg 1994) or lost value to the company with respect to tacit knowledge, unless this knowledge has been previously captured (Droege &

Hoobler 2003, 53). When key employees resign from companies a company loses not only human capital, but also accumulated knowledge (Droege & Hoobler 2003, 50). Moreover, the loss of a key person leads to decreases in productivity due to the learning curve related to understanding the work and the organisation. Furthermore, the loss of intellectual capital is not only a loss for a company but competitors potentially gain these assets (Stovel & Bontis 2002, 304), which in turn may damage the competitive advantage of the company (Schuler et al. 2004, 101).

Uncertainties and changes in working conditions, employee and supervisor relationships, psychological contracts and the fear of job losses all increase the level of stress and affect job satisfaction in various ways (Herzberg 1966, 72–74; Ivancevich et al. 1987, 20–24; Hambrick & Cannella 1993, 755; Hiltrop 1999, 424; Ernst & Vitt 2000; Lees 2003, 142–144; Krishnan & Park 2003, 76). Even if jobs would be secure, there are still career uncertainties related to possible organisational restructuring (Ivancevich et al. 1987; Lees 2003). Moreover, uncertainties can also result from a lack of accurate information, which may inspire rumours and speculation. The stress outcomes can be very different, and these outcomes may have tremendous costs in terms of future productivity, the turnover of valued employees and the achieving of the goals of the acquirer. (e.g. Ivancevich et al. 1987; Elangovan 2001; Lees 2003.) Furthermore, the key persons or managers of the acquired company may leave because they oppose the new mode of management (e.g. Lees 2003, 144) or believe that they will be unable to fit into the new organisation due to cultural differences (Cartwright & Cooper 1999, 48; Hambrick & Cannella 1993, 757). Moreover, the management of the integration phase would appear to be crucial because research implies that rapid integration can lead to anxiety, disaffection and mass resignation among the knowledge workers of the acquired company (Birkinshaw 1999, 39).

In summary, M&A research has identified several reasons, which would explain employee turnover (e.g. Buono & Bowditch 1989; Cartwright & Cooper 1992;1999; Ranft & Lord 2002). Importantly, an acquisition may unbalance the stability of a key person, who might think that they do not fit into the new organisation anymore due to changes in e.g. culture or teams, which may lead to losses in synergies and a decrease in innovativeness (at least temporarily). Thus, when the assets in a M&A are key persons who have the option of leaving the acquiring company the integration process needs to be handled with care as it is important to avoid losing them (cf. Birkinshaw 1999; Ranft & Lord 2000; 2002; Schuler et al. 2004; Kiessling & Harvey 2006). The literature suggests that organisational commitment is strongly linked with turnover intentions (e.g. Porter et al. 1974; Allen & Meyer 1990;

Price 2000; Elangovan 2001). The next chapter will review the main theories related to organisational commitment.

## 2.2 Organisational commitment in cross-border acquisitions

### 2.2.1 Research on commitment

The concept of commitment in the workplace has been in a research interest of academics and practitioners since the 1950's (Cohen 2003, xi). However, changes in the working environment due to increased global competition and developments in technologies suggest that neither employers nor employees are or should be committed anymore (Meyer & Allen 1997, 4–5). The reasons vary from employers not meeting their obligations towards their employees to changes in societal values (cf. Morrow 1993; Cohen 2003). Researchers have also studied commitment in different cultural settings in order to understand differences in work attitudes e.g. between the United States and Japan (e.g. Lincoln & Kalleberg 1990). Some researchers have questioned the need for future research on this concept (e.g. Randall 1990; Cohen 2003). Nevertheless, Meyer and Allen (1997) provide several good reasons for studying organisational commitment. First, organisations are not disappearing and they need to maintain a core of people who are at the heart of their organisations. Organisations need to be able to trust that employees do what is right, which commitment arguably ensures. Second, an organisation that has decided to outsource work to another will still be concerned about the commitment of the company doing the outsourcing. Third, commitments develop naturally as it is assumed that people need to be committed to something. However, if they are less committed to their organisation, they may channel their commitment to e.g. hobbies. Consequently, understanding commitment and how it develops is still of great importance. (Meyer & Allen 1997, 5.)

The concept of commitment has been defined in various ways and studied extensively. However, the field is still very fragmented as there is no common conceptualisation of organisational commitment and there have been some problems in the operationalisation of the concept (see Benkhoff 1997; Hartmann & Bambakas 2001). Accordingly, a recent review identified 24 forms of commitment (Cooper-Hakim and Viswevaran 2005; see also Morrow 1993). Nevertheless, organisational commitment can be defined as a social psychological state of deep identification with and dependence on an employing organisation (e.g. Lincoln & Kalleberg 1990, 249; Meyer & Allen 1997, 11). The most common conceptualisation found in the literature states that *employees who are strongly committed are those who are least likely to*



*leave the organisation* (e.g. Porter et al. 1974, Mowday et al. 1979, Allen & Meyer 1990; Elangovan 2001). Organisational commitment research has been largely dominated by quantitative research, which is usually based on Porters et al. (1974) or Allen and Meyer's (1990) work (see e.g. Mathieu and Zajac 1990). It has been argued that organisational commitment is best understood in relation to other work commitments, i.e. organisational commitment is best understood by using a multiple commitment approach (cf. Morrow 1983; 1993; Reichers 1985; Cohen 2003).

Organisational commitment research is often related to turnover research or job satisfaction. There has been quite a great amount of literature regarding the link between commitment and/or turnover intentions and job satisfaction (e.g. Mobley 1977; Mowday et al. 1982; Blau 1989; Russ & McNeilly 1995; Elangovan 2001; Lok & Crawford 2001). However, results concerning the link between job satisfaction, turnover and commitment are inconsistent. The link between organisational commitment and turnover intentions is probably the most consistent relationship in the turnover models. Much research has already provided strong evidence regarding the negative link between organisational commitment and turnover intentions (e.g. Porter et al. 1974; Mowday et al. 1979; Allen & Meyer 1990; Price 2000; Elangovan 2001). According to the common conceptualisation of commitment, employees who are strongly committed to an organisation are the least likely to leave (Allen & Meyer 1990, 1).

A number of researchers have identified the negative relationship between job dissatisfaction and turnover intentions (e.g. Mobley 1977; Martin 1979; Cotton & Tuttle 1986; Gerhart 1990; Kim, Price, Mueller & Watson 1996; Price 2000; Lambert, Hogan & Barton 2001), but some argue there is no significant relationship (e.g. Elangovan 2001, 164). Moreover, the results regarding job satisfaction and organisational commitment are mixed and inconsistent. According to Nummela (2004), commitment is built on job satisfaction, and numerous researchers have identified a positive relationship between job satisfaction and organisational commitment (e.g. Mowday et al. 1979; Russ & McNeilly 1995; Lok & Crawford 2001; Elangovan 2001). However, Currivan (2000) argues that job satisfaction and organisational commitment has no significant relationship (Currivan 2000, 513; Price 2000, 608).

Research on organisational commitment in the context of M&As has been scarce and seldom the focus of research (e.g. Schraeder 2001; Fairfield-Sonn et al. 2002; Lees 2003; Nummela 2004; Kusstatscher & Cooper 2005; Klendauer & Deller 2008; Raukko 2009). Previous research implies that making the acquired employees commit to the new owners will enhance the achievement of the operational and strategic objectives of the acquisition

(Shrivastava 1986, 72; Hunt & Downing 1990, 196). Recent research has focused on career perspectives in the context of M&As and voluntary exit. It has been acknowledged that although employees may have low commitment and no desire to stay in an organisation, i.e. they have a high M&A related desire to leave, but have low ease of movement, i.e. an employee might stay e.g. due to a poor employment situation (Meyer & Allen 1991, 73–74; Larsson et al. 2001, 613–614). Lees (2003) has also introduced a three-stage model for commitment building in M&As, which comprises commitment at the top management level during the pre-acquisition negotiations, reducing fear and securing commitment, and other practices such as avoiding employee turnover (Lees 2003, 151–168).

To sum up this section it can be said that research on organisational research is extensive. However, despite the efforts to link organisational commitment to turnover and job satisfaction, there has been relatively little research on identifying changes in commitment over time or the factors associated with these changes (Beck & Wilson 2001, 259). Moreover, there is a need to obtain a deeper understanding of organisational commitment in the context of M&As (cf. Nummela 2004; Schraeder 2001; Fairfield-Sonn et al. 2002; Klendauer & Deller 2008; Raukko 2009a; 2009b). This research will contribute to the extensive field of organisational commitment research by *adopting a longitudinal research design and by using method and data triangulation that emphasises the qualitative part of the research in order to obtain a better understanding of the key persons' organisational commitment in cross-border acquisitions*. The research design and methodologies are described in detail chapter 3.

### 2.2.2 Related concepts

Although, this research focuses on organisational commitment, it is analysed in relation to concepts closely related to organisational commitment such as work commitment, organisational identification and turnover intentions (cf. Mowday et al. 1982; Mobley 1982; Morrow 1983; 1993; Meyer & Allen 1997; Price 2000; Elangovan 2001) It has been argued that in order to truly understand organisational commitment a multiple commitment approach is needed (cf. Morrow 1983; 1993; Reichers 1985; Cohen 2003). Moreover, in previous research organisational commitment has been strongly linked to organisational identification (e.g. Hall, Schneider & Nygren 1970; Mathieu & Zajac 1990; Mael & Ashforth 1992; Kusstatscher & Cooper 2005) and the intention to resign, i.e. turnover intentions (e.g. Mobley 1977; 1982; Kim et al.

1996; Price 1995; 2000). Figure 5 below illustrates the link between the related concepts.

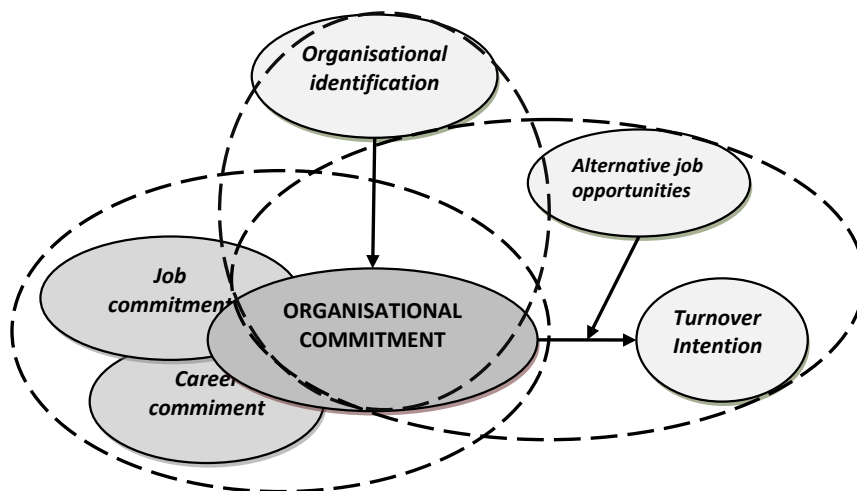


Figure 5 Concepts related to organisational commitment

Figure 5 above illustrates how three fields of research have been closely linked to organisational commitment. It has been argued that a multidimensional approach potentially can better explain the concept of commitment at the workplace (Cohen 2003, xiii). Consequently, organisational commitment should not be seen in isolation but instead should be seen as being formed from multiple commitments (cf. Morrow 1983; 1993; Reichers 1985; Cohen 2003). It has been argued that technological advancement has also brought greater overlap across different forms of commitment, and it is no longer feasible to consider one's job in isolation of one's organisation or occupation (Cooper-Hakim & Viswevaran 2005, 241). However, commitment research suffers from concept redundancy (cf. Morrow 1983; 1993; Cohen 2003; Cooper-Hakim & Viswesvaran 2005). Thus, this research will analyse organisational commitment in relation to job and career commitment.

Moreover, organisational identification is closely linked to organisational commitment, which has been viewed as one type of organisational commitment (Hall et al. 1970), or at least a close conceptual neighbour to affective organisational commitment (Mowday et al. 1979; Mathieu & Zajac 1990; Riketta 2005). Recent research has been increasingly interested in organisational identification in the context of M&As (e.g. Bartels, Douwes, de Jong & Pruyn 2006; Van Dick, Ullrich & Tissington 2006), hence in order to

obtain a better understanding of organisational commitment in cross-border acquisitions also organisational identification was included. Finally, link between organisational commitment and employee turnover has become indisputable, and organisational commitment has become an important part of employee turnover models (cf. Mowday et al. 1982; Price 2000). Therefore, although this research doesn't focus on key person turnover, the concept of turnover intention is included in order to obtain a deeper understanding of organisational commitment. Consequently, in order to analyse and explain how key persons' organisational commitment develop in the complex context of cross-border M&As, it is important to understand the relationships between these related concepts. The next chapters will introduce these concepts and their relation to organisational commitment.

### 2.2.2.1 Organisational identification

Organisational identification is a more recent concept than organisational commitment (e.g. Cole & Bruch 2006), and it has received little attention as a unique topic of research until recently (Riketta 2005). For decades the dominant approach for conceptualising the strength of the psychological relationship between the individual and the organisation has seemed to be the organisational commitment approach (cf. Van Knippenberg & Sleebos 2006, 572). However, recent research has been inspired by social identity theory, according to which organisational identification has been viewed as a shared identity (Ashforth & Mael 1989; Van Knippenberg & Sleebos 2006). Accordingly, organisational identity is viewed as the relationship between an individual and their organisation in terms of social identification processes (e.g. Riketta 2005; Van Knippenberg & Sleebos 2006). More specifically, organisational identification examines the process whereby an individual's identity becomes psychologically intertwined with the organisation's identity (Cole & Bruch 2006).

Organisational identification can be described as the perception of oneness with, or a sense of belonging to, an organisation, in which an individual defines him or herself in terms of the organisation(s) they are a member of (Mael & Ashforth 1992, 104). Consequently, the more a person identifies with an organisation, the more that organisation's values, norms and interest are incorporated in that person's self-concept (Van Knippenberg & Sleebos 2006, 572). According to Mael & Ashforth (1992), organisational identification is organisation specific, while commitment may not be; i.e. a person may score high on commitment without perceiving a shared destiny with that particular organisation (Mael & Ashforth 1992, 105). Nevertheless, it can be argued that

in a cross-border acquisition both organisational identification and commitment would be organisation specific, as employees usually identify and commit more easily to their own organisation and it may take years for employees to develop a “we” feeling (Kusstatcher & Cooper 2005, 145).

Consequently, organisational identification is closely linked to organisational commitment and it has been viewed as one type of organisational commitment (Hall et al. 1970), or at least a close conceptual cousin of affective organisational commitment (Mowday et al. 1979; Mathieu & Zajac 1990; Riketta 2005). However, this confusion between organisational identification and organisational commitment is problematic (Ashforth & Mael 1989; Mael & Ashforth 1992). More recent research argues that organisational identification and organisational commitment are distinct constructs (see Mael & Ashforth 1992; Van Knippenberg & Sleebos 2006; Cole & Bruch 2006). The core issue differentiating between organisational identification and commitment is that identification reflects an individual’s self-definition, whereas commitment does not. Consequently, commitment refers to a relationship in which an individual and their organisation are separate entities psychologically, and identification implies that an individual and the organisation they belong to are one, and hence the organisation is included in the individual’s self-conception (Ashforth & Mael 1989; Van Knippenberg & Sleebos 2006). In other words, identification reflects the extent to which organisational membership is incorporated in an individual’s self-concept, whereas commitment focuses on employees’ attitudes towards their organisation by considering the costs and benefits (Bartels, Douwes, de Jong & Pruyn 2006, S52<sup>10</sup>). Based on recent research on organisational identification, this research views organisational identity and organisational commitment as distinct and separate concepts (Van Knippenberg & Sleebos 2006). This research will use the definition of organisational identity proposed by Ashforth and Mael (1989) as this scale has less item overlap with the organisational commitment questionnaire developed by Mowday et al. (1979).

It has been suggested, that it is likely that identification with an organisation enhances support for and commitment to it (Ashforth & Mael 1989, 26). Thus, high initial organisational identification would have a positive effect on long term organisational commitment (Bartels et al. 2006<sup>11</sup>). Additionally, research on emotions in M&As suggests that commitment implies identification, i.e. identification was expressed through commitment (Kusstatscher & Cooper

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<sup>10</sup> Original source: Van Dick, R. – Wagner, U. – Stellmacher, J. – Christ, O. (2004) The utility of a broader conceptualization of organisational identification: Which aspects really matter? *Journal of Occupational and Organisational Psychology*, Vol. 77, 171–191.

<sup>11</sup> Original source Jetten, J. – O’Brien, A. – Trindall, N. (2002) Changing identity: Predicting adjustment to organisational restructure as a function of subgroup and super ordinate identification. *British Journal of Social Psychology*, Vol. 41, 281–297.

2005, 145). Consequently, the more the target company employees can identify with the acquiring company, the more likely it is that they can become committed to the acquirer and the new post-M&A organisation (see also Raukko 2009a). Previous research on organisational identity in M&As has adopted a dual perspective approach by dividing identity into pre-merger and post-merger identity (cf. Bartels et al. 2006; van Dick et al. 2006). Nevertheless, previous research implies that employees identify with specific organisations (cf. Mael & Ashforth 1992). Moreover, according to Lawler's (1992) principal of proximal rules "actors develop stronger affective ties to subgroups within a social system rather than to the social system, to local communities rather than to states, to work groups rather than to the work organisation, and so forth" (Lawler 1992, 334). Thus, instead of making the distinction between pre- and post-M&A identification, it is more important to differentiate between the immediate and closest organisation and the new parent organisation in India. Consequently, in this research organisational commitment and organisational identification will be viewed as having two dimensions; *one towards the acquirer and one toward the acquired company* (cf. Ketchand & Strawser 2001; Raukko 2009a). As an integration proceeds, and depending on the depth of the integration, the duality of organisational identification and commitment should therefore transform into a single identification and commitment towards the new post-M&A organisation. Figure 6 below illustrates the development of organisational identification and commitment during M&As.

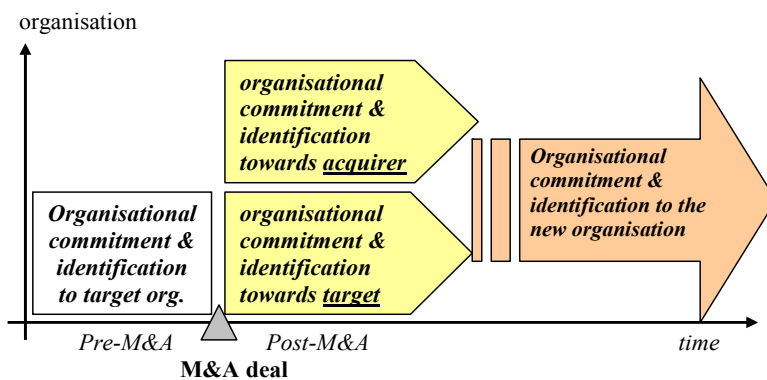


Figure 6 The development of organisational identification and commitment during the integration process (Raukko 2009a, 47)

Organisational identification is a very complex phenomenon in the context of international acquisitions. Employees need to adjust to a new parent

company coming from a different culture. It has been argued that the employees' reactions to a merger vary in a systematic fashion depending on how much the M&A is perceived to affect the pre-merger employees' organisational identification (van Dick, Ullrich & Tissington 2006, S69-S70.) It is common for employees to feel that the new organisation, despite incorporating their old organisation, is no longer theirs (Rousseau 1998; Millward & Kyriakidou 2004). In fact, it is not only the acquired employees, but also the employees of the acquiring company that can experience a loss of identity; i.e. a distinctive positive reputation may be substantially diluted or even ruined by the assimilation of a "lower status" entity (Millward & Kyriakidou 2004, 15). Nevertheless, contrary to the assumptions about a negative relationship between pre-merger and post-merger identification, research results imply that pre-merger identification appears to be a strong predictor of post-merger identification (Bartels et al. 2006; Raukko 2009a). Accordingly, when an M&A does not involve severe feelings of threats, i.e. fear of job loss, among employees, then the pre-merger and post-merger identification may have a positive relationship (Bartels et al. 2006, S62).

In summary, organisational identification is closely related to organisational commitment (e.g. Riketta 2005; Van Knippenberg & Sleebos 2006). As the literature review indicates it is important to define the concept from a theoretical and also methodological perspective (cf. Kusstatscher & Cooper 2005, 145). In order to avoid overlap between these two concepts, this research will use the definition of organisational identification proposed by Ashforth and Mael (1989). In addition, research shows that a cross-border acquisition influences the identification of the personnel from the acquired company, as they need to rebuild their identification to the newly merged company (cf. Kusstatscher & Cooper 2005; Raukko 2009a). This research will explore how key persons' commitment develops during the post-integration phase with respect to both the acquirer and the target organisation (cf. Raukko 2009a).

### 2.2.2.2 Multiple commitments

There has been a growing interest in the concept of multiple commitments among researchers and practitioners (e.g. Morrow 1983; 1993; Reichers 1985; Randall & Cote 1991; Gregersen 1993; Meyer & Herscovitch 2001; Ketchand & Strawser 2001; Nummela 2004; Cohen & Freund 2005). It has been argued that organisational commitment can be best understood as a collection of multiple commitments e.g. commitment to managers, customers and/or work groups. Consequently, employees can have varying commitment profiles and

their commitments may be in conflict with one another e.g. commitment to work or non-work commitments such as family (Reichers 1985, 469–470; Meyer & Allen 1997, 17–21; Cohen 2003, 190). Traditionally it has been assumed that an employee had to choose one commitment over the other due to a conflict between bureaucratism and professionalism. Since then sociological studies have considerably modified earlier approaches, which has led to the finding that employees may experience both organisational and professional commitment on similar levels or on a variety of levels (Aranya, Pollock & Armenic 1981, 273).

According to Morrow (1983; 1993), organisational commitment is only one commitment among other employees' work related commitments (see also Reichers 1985; Cohen 2003), while Reichers (1985) view organisational commitment as a global commitment with multiple commitment components (cf. Reichers 1985; Gregersen 1993). Work commitment is among the most challenging concepts in organisational behaviour, as it comprises concepts focusing on different aspects of commitment connected with work: the work itself, the job, one's profession or career, and the employing organisation (Morrow 1993; Cohen 2003). Based on Morrow's (1993) definition, work commitment comprises job involvement, affective and continuance organisational commitment, work ethic endorsement and career commitment (Morrow 1993, xviii). Although results indicate that various work commitments represent separate constructs (Mathieu & Zajac 1990, 186), it has been suggested that organisational commitment is based on job commitment. Consequently, job and organisational commitment are strongly intertwined (Nummela 2004). On the other hand, an employee that is very committed to his/her job is unlikely to undervalue the importance of his/her career. Some have argued that professional commitment, i.e. career salience, is antithetical to organisational commitment (Morrow 1983, 486–487, 490).

As mentioned earlier, this research will analyse organisational commitment in relation to job and career commitment. Work commitment or occupational commitment can be defined as identification and involvement in a particular occupation (Brewer 1996, 24; May, Korczynski & Frenkel 2002, 792). Work commitment has also been referred to as job commitment, which refers to commitment to a relatively short-term set of objective task requirements (Colarelli & Bishop 1990, 159). According to a broader conceptualization, organisational commitment would be only a form of work commitment (see e.g. Morrow 1983; Carmeli & Gefen 2004). The concept work commitment appears to be ambiguous varying from a narrow conceptualization of job commitment, to the broad conceptualization proposed by Morrow (1983), which comprises organisational and career commitment. *This research will*



*adopt the narrow conceptualization referring to work commitment as commitment to one's specific task/job.*

Career commitment is characterised by the development of personal career goals, as well as the attachment to them, identification with them, and involvement in them. Career commitment involves self-generated goals and commitment to one's own career, which may lead to employment in several organisations. (Colarelli & Bishop 1990, 159.) Concepts related to career commitment are professional commitment, occupational commitment and career orientation (Blau 1985, 278; also Meyer & Herscovitch 2001, 302). Morrow (1993) has suggested the use of the concept career commitment rather than professional commitment in order to avoid ambiguity. According to Blau's (1985) conceptualization, career commitment can be defined as one's attitude towards one's profession or vocation. Later this definition was revised to "one's attitude toward one's vocation, including a profession" (Blau 1988, 295). Hence, career commitment is associated with a broader set of referents (e.g. profession) than a specific job. (Blau 1985, 278–279.) In this research the concept *career commitment will be used to refer to the employee's commitment towards his/her career and self-generated goals related to e.g. career development.*

There are different views on how various employee commitments relate to each other, and the results are inconsistent (e.g. Randall & Cote 1991; Morrow 1993; Cohen 2003; Carmeli & Gefen 2004; Cohen & Freund 2005). Depending on the model job involvement is either an antecedent or consequence of organisational commitment, and career commitment either as an antecedent of organisational commitment or a consequence of job involvement (cf. Randall & Cote 1991, 207; Morrow 1993, 163; Cohen 2003, 121–153; Carmeli & Gefen 2004, 78). It has been argued that job involvement seems to be a key mediating variable in the interrelations among work commitment constructs (Cohen 2003, 153). Nevertheless, the type of exchange relation developed in the work setting may explain the relation between job involvement and other commitment foci. Consequently, employees who are highly involved in their job have more positive work experiences, which in turn are linked with higher commitment. (Cohen 2003, 153–154.) However, Lawler's (1992) theory or principal of proximal rules can explain the interrelationships among commitment forms. A person can develop a stronger attachment to the job, which is the closest target in the immediate work environment, than to his/her career, which can be perceived as more distant. Thus commitment to the most proximate unit is influenced by work conditions. Consequently, positive emotions at the local work unit would produce commitment primarily to this more proximate unit. (Cohen 2003, 123–124.) Nevertheless, only a small amount of research has been conducted

which would focus on understanding how these commitments develop in general during a major organisational change process, such as the post-acquisition stage (cf. Beck & Wilson 2001; Fairfield-Sonn et al. 2002; Cohen & Freund 2005).

In sum, it has been argued that it is no longer feasible to consider one's job in isolation of one's organisation or occupation (Cooper-Hakim & Viswevaran 2005, 241). However, a multiple commitments perspective strongly suggests that the commitment experienced by an individual may differ greatly from that experienced by another (Reichers 1985, 473). Thus, the impact of an acquisition on employees' commitment is not necessarily straightforward and also varies among individuals (Nummela 2004, 104). Knowledge of the source of commitment, which is responsible for an individual's investment in their organisation's membership could allow for the prediction of changes in commitment levels (Reichers 1985, 473; Cohen 2003, 190). Nevertheless, a multidimensional approach to commitment comprises a large number of commitments, and it has been suggested that a multiple commitment approach can have conceptual and methodological problems (Cohen 2003, 47–48). Consequently, *this research adopts a multiple commitment approach and studies organisational commitment in relation to job and career commitment* (e.g. Morrow 1993; Brewer 1996; Cohen 2003). Thus this research will not focus on e.g. work values, union commitment or group commitment (e.g. Morrow 1983; 1993; Cohen 2003). This research will analyse *key persons' organisational commitment in relation to their job and career commitment from their point of view*, as well as *what they think will most make them commit to the parent organisation*.

### 2.2.2.3 Turnover

Turnover refers to the movement of individuals across the boundaries of an organisation (Price 1977, 4). Employee turnover has been divided into voluntary or involuntary (e.g. Price 1977, 9; Stovel & Bontis 2002), or functional and dysfunctional turnover (e.g. Dalton, Todor & Krackhardt 1982; Johnson, Griffeth & Griffin 2000). Voluntary turnover refers to an employee leaving an organisation of their own free will, whereas involuntary turnover refers to layoffs or dismissals (Price 1977; Stovel & Bontis 2002). Moreover, voluntary turnover can be divided into dysfunctional or functional turnover. Dysfunctional turnover refers to the voluntary turnover of good performers or key knowledge workers, whereas functional turnover refers to employee turnover that is actually beneficial for an organisation, i.e. employees that are negatively evaluated by an organisation (Dalton et al. 1982; Johnson et al.

2000). Brain drain refers to the voluntary, dysfunctional, turnover of employees with critical tacit knowledge<sup>12</sup>, i.e. key persons.

In turnover research the concept “turnover” has been differentiated from the concept of “turnover intention”. Although turnover intentions have been viewed as a signal to resign, results have not been consistent regarding its value for predicting actual employee turnover (Weisberg 1994, 4). Moreover, results imply that *alternative job opportunities* play an important role in models of turnover (see e.g. Arnold & Feldman 1982; Gerhart 1990; Price 2000). Thus, general labour-market conditions and labour-market perceptions have an influence on the relationship between turnover intentions and actual turnover. Consequently, both the unemployment rate and an employee’s perceptions of the general employment situation as well as his/her earlier unemployment experience influence their turnover intentions (Gerhart 1990). Accordingly, although a person may experience a strong desire to leave an organisation, they might stay due to poor prospects for employment elsewhere. However, their job performance may decrease, as can their willingness to share knowledge. This type of psychological withdrawal is seen as critical for the acquirer with regard to actual employee turnover. Nevertheless, it can be argued that key persons usually have alternatives irrespective of the general employment situation.

There are at least three major models of turnover. First, there is the Price model, which is originally based on the Price and Mueller model<sup>13</sup>. Price, together with his colleagues, has produced extensive research on voluntary turnover since the 1970s. This model is based on expectancy theory, economics and sociology (Kim et al. 1996, 949). The two major alternatives to the model proposed by Price (2000) are the models proposed by Mobley (1977) and Mowday et al. (1982) (Price 2000, 610). Mobley (1977) focuses on the intermediate linkages in the relationship between job satisfaction and turnover. The model differentiates between attitudes, behavioural intentions and actual behaviour (Mobley 1977). In comparison, Mowday’s model (1982)<sup>14</sup> combines earlier work and includes individual characteristics, job expectations and values, affective responses to job, decision and/or intention to stay or leave, alternative job opportunities and turnover. Although the model is similar to earlier work on turnover, it includes unique aspects, e.g. it recognises that an employee experiencing dissatisfaction may first attempt to

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<sup>12</sup> Tacit knowledge is the knowledge which resides in employees’ minds and which is hard to codify, making it difficult to transfer (e.g. Nonaka & Konno 1998, 42).

<sup>13</sup> see e.g. Price (1977) and Mueller & Price (1990)

<sup>14</sup> Developed by Steers and Mowday (1981), Employee turnover and post-decision accommodation processes. In L. Cummings and B. Shaw (eds). *Research in organisational behavior* (Vol. 3) Greenwich, CT.: JAI Press.

change their situation or work environment before deciding to quit (Mowday et al. 1982).

Traditionally research on employee turnover has been related to job satisfaction (Mobley, Horner & Hollingworth 1978; Cotton & Tuttle 1986; Lambert et al. 2001), and to commitment (see e.g. Porter et al. 1974; Mowday et al. 1979; 1982; Cotton & Tuttle 1986). The original model developed by Price (1977) suggested that job satisfaction combined with the opportunity to leave would determine employee turnover (Price 1977, 66–84). Later Price included commitment in the model. Price (2000) proposes a path model describing the various exogenous and endogenous variables of employee turnover. Accordingly, alternative job opportunities are negatively linked with job satisfaction and positively linked to turnover. In addition, both job satisfaction and organisational commitment have a negative relationship with turnover intentions, which is in his model moderated by search behaviour. Moreover, the model comprises exogenous variables which form three groups; environmental, individual and structural (Price 2000, 601–605). Recent research implies that both job satisfaction and commitment are the most important variables in explaining turnover (e.g. Price 2000; Lambert et al. 2001; Carbery, Garavan, O'Brian & McDonnell. 2003). Some argue that commitment is more significant than job satisfaction with regard to employee turnover (e.g. Shore & Martin 1989; Kim et al. 1996).

There has been inconsistency in the literature as to how various exogenous variables affect the endogenous variables, i.e. job satisfaction, organisational commitment, search behaviour, and intention to stay. Nevertheless, the four intervening variables have been consistently studied and are considered to be the determinants of employee turnover (Price 2000, 608). Earlier models such as Price (1977), Mobley (1977) and Mowday et al. (1982) did not include organisational commitment in their models, but since then it has been considered an important determinant of turnover intentions (see e.g. Porter et al. 1974; Mowday et al. 1979; 1982; Cotton & Tuttle 1986; Elangovan 2001; Carbery et al. 2003 ).

In sum, research on both organisational commitment and turnover shows a strong link between these variables (e.g. Porter et al. 1974; Mowday et al. 1979; 1982; Cotton & Tuttle 1986; Elangovan 2001; Carbery et al. 2003). Previous research has analysed turnover in M&As from various perspectives such as the effect of an M&A on an acquired company's management team (e.g. Walsh 1988; Krug 2003; Krug & Shill 2008), the employee turnover of the target company's managers and acquisition outcomes (e.g. Walsh & Ellwood 1991), top management turnover in relation to their perceptions of the merger events (e.g. Walsh 1989; Lubatkin, Schweiger & Weber 1999; Krug & Hegarty 2001), and top management turnover in domestic M&As compared to

cross-border M&As (e.g. Krug & Hegarty 1997). However, this doesn't focus on turnover nor retention as such, but on the antecedent of turnover, i.e. organisational commitment. The underlying motivation is that there is a link between organisational commitment and employee turnover, and that by emphasising organisational commitment acquirers would reduce the turnover intentions of the acquired key persons.

### 2.2.3 Antecedents and consequences of organisational commitment

Organisational commitment has remained a subject of research interest for decades. Research has shown organisational commitment to be related to 1) employee behaviour, 2) attitudinal, affective and cognitive constructs, 3) the characteristics of the employee's job and role and 4) the personal characteristics of the employee (Bateman & Strasser 1984). Both the antecedents and consequences of organisational commitment have been widely studied (e.g. Mowday et al. 1982; Randall 1990; Meyer & Allen 1997).

Organisational commitment has been regarded as a consequence of several personal variables, role states, and aspects of the work environment e.g. job characteristics and organisational structure (Mathieu and Zajac 1990). Mowday et al. (1982) divided *the antecedents of commitment* into four categories, which are personal characteristics, role related characteristics, structural characteristics and work experiences (Mowday et al. 1982, 29–34). A variety of *personal characteristics* have been found to be related to organisational commitment such as age, sex, education, marital status, position and organisational tenure, perceived competence, ability, salary, protestant work ethic and job level (Mathieu & Zajac 1990, 177–178). Research findings indicate that individual differences must be taken into account in any model of organisational processes in organisations (Mowday et al. 1982, 31). Research on the relation between personal characteristics and organisational commitment has focused on two types of variables: demographic variables (e.g. gender, age, tenure) and dispositional variables (e.g. personality, values). However, research results have been mixed. (Meyer & Allen 1997, 43.) Based on a meta-analysis conducted by Mathieu and Zajac (1990) most researchers had included personal variables in commitment studies, but there has been relatively little theoretical work aimed at explaining why personal variables should be related to commitment (Mathieu & Zajac 1990, 180).

*The role and job related characteristics* refer to the aspects of work role that have a potential to influence commitment. These are skill variety, task autonomy, job scope or challenge, role conflict, role overload and role ambiguity. (Mowday et al. 1982, 32; Mathieu & Zajac 1990, 174.) On the

other hand, *structural characteristics* refer to the influence of organisational structure on commitment (Mowday et al. 1982, 32; Meyer & Allen 1997, 42). Structural or organisational characteristics refer to organisational size and centralisation (cf. Mathieu & Zajac 1990). They have also been referred to as situational or organisational factors, which originate from within an organisation and include elements of the work environment (Ketchand & Strawser 2001, 231).

The fourth category of major antecedents of organisational commitment represents those *work experiences* that occur during an employee's tenure with the organisation. Several work experiences, such as organisational dependability, personal importance to the organisation, meeting employees' expectations, the extent to which employees sense their co-workers maintain positive attitudes towards their organisation and perceived pay equity have been found to be related to commitment. (Mowday et al. 34.) Ketchand and Strawser (2001) seem to group work experiences under situational or organisational factors, which also involve the nature of the experiences encountered by individuals during the term of their employment with the organisation (Ketchand & Strawser 2001, 231). Additionally, Mathieu and Zajac (1990) identified *group or leader relations* such as group cohesiveness, task interdependence, leader initiating structure, leader consideration, leader communication and participative leadership (Mathieu & Zajac 1990, 174). Moreover, Ketchand and Strawser (2001) identified *costs of departure* such as loss of pension benefits, time and effort of departing, job choice factors and time invested in organisation, as antecedents to organisational commitment (Ketchand & Strawser 2001, 232–234). Figure 7 below describes the antecedents and consequences of organisational commitment.

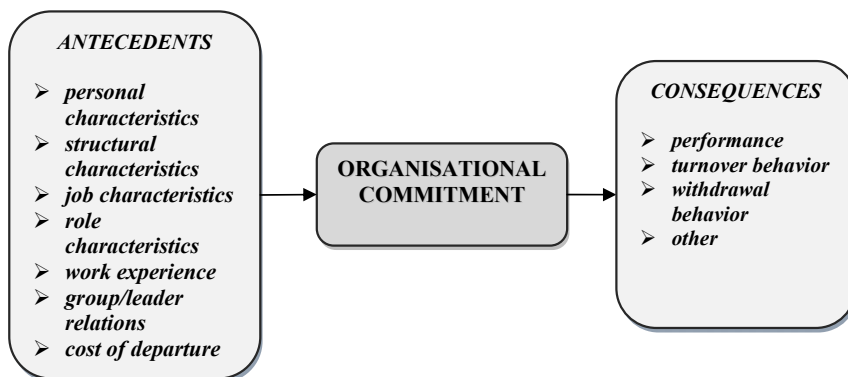


Figure 7 The main antecedents and consequences of organisational commitment (cf. Mowday et al. 1982; Mathieu & Zajac 1990; Ketchand & Strawser 2001)

On the other hand, organisational commitment has several behavioural *consequences* (Mathieu and Zajac 1990). These have been divided into performance, turnover behaviour, withdrawal behaviour and other consequences such as employee suggestions for improvement, loyalty or sense of obligation and professional activity (see figure 7, Ketchand & Strawser 2001, 232–234). The most analysed consequences of organisational commitment comprise job performance, job effort, tenure with the organisation, absenteeism, tardiness and turnover (e.g. Mowday et al. 1982, 35; Randall 1990, 368). The link between organisational commitment and the intention to resign is undisputed (see e.g. Porter et al. 1974; Mowday et al. 1979; 1982; Cotton & Tuttle 1986; Elangovan 2001; Carbery et al. 2003). Moreover, several correlates to organisational commitment have been identified such as motivation and job satisfaction (e.g. Mathieu & Zajac 1990; Ketchand & Strawser 2001), but the results on e.g. whether job satisfaction is an antecedent, a correlate or a consequence, are mixed (see Ketchand & Strawser 2001, 237–241). Therefore, this research focuses only antecedent and consequences.

To sum up; all the conceptualisations found in the literature share a link with turnover, i.e. those employees who are strongly committed to their job are those who are least likely to leave the organisation (e.g. Porter et al. 1974, Mowday et al. 1979, Allen & Meyer 1990; Elangovan 2001). Job satisfaction has long been seen as an important variable mediating turnover, but in the 1970s commitment received more attention in turnover research (see e.g. Porter et al. 1974; Mowday et al. 1979). Some even went on to argue that commitment would be more important than job satisfaction in explaining and mediating employee turnover (e.g. Shore & Martin 1989; Kim et al. 1996, 968–969). According to Mathieu and Zajac (1990) both motivation and job satisfaction would represent correlates to organisational commitment, not antecedents nor consequences. It has been argued that organisational commitment research would need more causal modelling techniques (e.g. Bateman & Strasser 1984; Mathieu & Zajac 1990). The next chapter will focus on the development of organisational commitment.

#### 2.2.4 The development of organisational commitment

Maintaining the commitment of employees to an organisation in the face of downsizings, mergers and acquisitions and other turbulent changes is a challenging dilemma for all managers today (Dessler 1999, 58). Acquisitions represent a fruitful context for exploring organisational commitment. Organisational commitment in the context of M&As should therefore be

viewed as a two dimensional process, in which commitment to the acquirer and to the acquired company i.e. *acquirer and target commitment* develop over time as commitment to the newly merged company (cf. Ketchand & Strawser 2001; Raukko 2009a).

It has been argued that within commitment literature there has been little research focusing on indentifying changes in commitment over time or on the factors associated with these changes (Beck & Wilson 2001, 259). Moreover, research on the development of organisational commitment has been largely unsystematic, mainly due to the lack of consensus in the conceptualisation of commitment itself (Cohen & Freund 2005, 315). The identification of causal relationships in the study of commitment represents an important area of theoretical concern. Unlike job satisfaction, organisational commitment is viewed as a more stable attachment to the organisation that develops slowly over time. Moreover, it should be viewed as a process that unfolds over time. In order to obtain a better understanding of key persons' organisational commitment it is necessary to focus the attention on the factors that may influence the development of commitment at different stages of employment, or e.g. during the post-acquisition integration phase, and on the process through which the key persons become committed to the organisation. (Mowday et al. 1982, 45.) Thus, it has been argued that the development of organisational commitment should be viewed as the reciprocal interplay of attitudes and behaviours over time (Mowday et al. 1982, 47).

The link between human resource management (HRM) practices and commitment has been empirically examined for over a decade (cf. Meyer & Allen 1997). It has been argued that organisational commitment is affected by both human resource practices and antecedents. Human resource practices are e.g. decentralisation, compensation, participation, training and development, employment security, social interaction, management style, communication, and performance appraisal (Smeenk et al. 2006, 2037–2038). Nevertheless, it has been argued that the way HRM practices are implemented might have more important consequences for employee attitudes than the number of HRM practices put into place (Edgar & Geare 2005). Thus, employees' organisational commitment is related to their perception and evaluations of the HRM policies and practices of the organisation. Additionally, the perception of organisational support for employees in particular may play an important mediating role (Meyer & Smith 2000, 329). It has been suggested that managers need to look at structures and processes which encourage participation and decentralized authority so that employees become more involved in their organisation. In contrast, a lack of freedom for employees to use their own initiative in their work, plus the perception of an increased power differential between management and employees, a lack of recognition



for work done and a lack of participative processes may lead to a decrease in commitment. (Brewer 1996, 33.)

To sum up, organisational commitment is a relatively stable attitude, which should be viewed as a process developing over time (Mowday et al. 1982, 45). It has been argued that achieving overall corporate objectives requires maintaining morale and gaining the commitment of the personnel to the new corporate objectives (Shrivastava 1986, 72). In cross-border M&As knowing the source of commitment can help in defining the right bundle of HRM practices (cf. Cohen 2003, 1990), although cultural aspects need to be taken into consideration (cf. Aguilera & Dencker 2004). Moreover, this research focuses on the target company's employees, and their views on what commits them to their job (cf. Lämsä & Savolainen 2000; Meyer & Smith 2000). Moreover, it has been argued that there is a lack of rigorous longitudinal studies, which would provide a deeper understanding of the commitment process (cf. Mowday et al. 1982, 45; Cohen & Freun 2005, 347). Consequently, this research aims to contribute to the organisational commitment literature by attempting to provide a deeper understanding. The findings are generated by a causal model, which provides an explanation of the development of key persons' organisational commitment in cross-border acquisitions. The next chapter will describe the theoretical framework of this research.

### 2.3 Proposed theoretical framework; Key persons organisational commitment in cross-border acquisitions

The main purpose is to analyse and explain how key persons' organisational commitment develops in cross-border acquisitions. To solve this research problem theories on both organisational commitment and M&A's presented above are combined. The initial framework is based on basic assumptions regarding organisational commitment theories. Accordingly, this research will adopt a multiple commitment approach, and analyse organisational commitment in relation to job and career commitment (cf. Morrow 1993; Cohen 2003). In addition, as organisational identification is closely linked to organisational commitment, it is included in the framework to obtain a better understanding of organisational commitment (cf. Ashforth & Mael 1989; Riketta 2005; Van Knippenberg & Sleebos 2006). Much research has already provided strong evidence of a negative link between organisational commitment and turnover intentions (e.g. Porter et al. 1974; Mowday et al. 1979; Allen & Meyer 1990; Price 2000; Elangovan 2001). Moreover, previous results indicate that the availability of alternative jobs is positively related to

employee turnover (Cotton & Tuttle 1986; Kim et al. 1996; Price 2000; Lambert et al. 2001). During the early stages of an acquisition competent staff, such as key persons, might be approached by head-hunters (Buono & Bowditch 1989, 227; Cartwright & Cooper 1999, 48), and in general the first people to resign are generally the best ones, because they find it easier to find a new job (Very 2004, 80). However, this research will consider what measures the acquirer will take in order to induce commitment towards the parent organisation. In M&As the acquirer's HRM policies may have an important impact on achieving post-acquisition integration goals and on acquisition success (cf. Aguilera & Dencker 2004). In addition, the way an acquirer treats their acquired employees will affect the employee's motivation and work attitudes (Faulkner et al. 2002, 106). Figure 8 summarises the theoretical review presented in chapter 2 and illustrates the theoretical framework of this research.

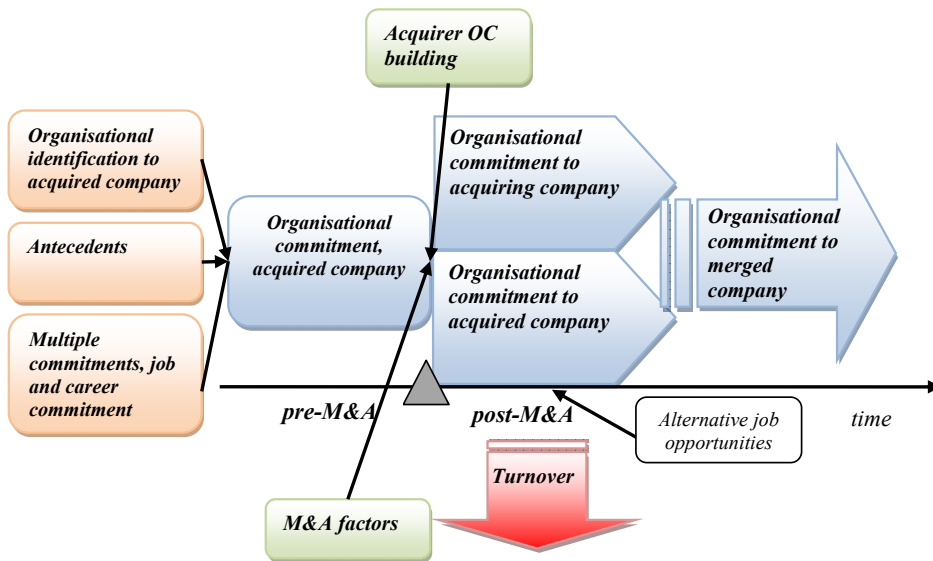


Figure 8 A framework of organisational commitment in cross-border acquisitions

The framework comprises also basic assumptions related to the M&A theories. The M&A may influence the commitment of employees in many ways. The extent of emotional distress will depend on the level of attachment and commitment to the former organisation. The frequently reported feelings of acquired employees are feelings of extreme shock, disbelief and great sorrow (Cartwright & Cooper 1992, 37–38; Buono & Bowditch 1989, 2–3; Noble et al. 1997, 52–55). It is important to notice that employees react to

acquisitions differently, and some employees may perceive acquisitions as opportunities and not necessarily only as a threat (Ivancevich et al. 1987, 20–22). The nature of the acquisition, whether it is friendly or hostile, is a key determinant of how employees and managers will react to the integration of the two organisations (Buono & Bowditch 1989, 70). Previous research shows that friendly acquisitions are more likely to be less stressful as a whole than hostile takeovers (Ivancevich et al. 1987, 24–25; Fairfield et al. 2002, 12–13).

There are thus two dimensions to organisational commitment (see figure 8), which are *to the acquirer and to the acquired company* and this can be termed acquirer and target commitment (cf. Ketchand & Strawser 2001; Raukko 2009a). It has been argued that a deeper understanding of the relationship between commitment and turnover can only be acquired using a longitudinal designs (e.g. Mowday et al. 1982, 72; Cohen & Freund 2005, 349; Parish, Cadwallader & Busch 2008, 46). Consequently, in order to obtain a deeper understanding of key persons' organisational commitment, this research adopted a longitudinal single real time case study. The next chapter describes the methodological approach in detail.



### 3 LONGITUDINAL SINGLE CASE STUDY

#### 3.1 Philosophical background and methodological choices

The purpose of this research is *to analyse the development of acquired key persons' organisational commitment following a cross-border acquisition*. Consequently, the main aim is to obtain a deeper understanding of key persons' organisational commitment and how that changes over time, i.e. to understand the “hows”, “whats” and “whys” from the acquired key persons' perspective. The research approach and methodological choices were based on the main research purpose. However, the choice and adequacy of a method comprises various assumptions regarding the nature of the knowledge and the methods through which that knowledge can be obtained, as well as assumptions regarding the nature of the phenomena to be investigated (Morgan & Smircich 1980, 491). In other words, methodology is the product of philosophy and the sciences are the realisation of their methodology (Hindess 1977, 4). Research approaches in social science are based on interrelated sets of assumptions regarding *ontology, epistemology, human nature and methodology* (Burrell & Morgan 1979; Morgan & Smircich 1980).

*Ontology* refers to a person's conception of what exists (Hindess 1977, 4); the assumptions which concern the very essence of the phenomena under investigation (Burrell & Morgan 1979, 1). This research takes the realist position, according to which the social world external to individual cognition is a real world, and exists independently of an individual's appreciation of it (Burrell & Morgan 1979, 4). However, the world is not viewed as a hard and concrete structure (Burrell & Morgan 1979, 4; Morgan & Smircich 1980, 495), and the researcher admits that human beings may actively contribute to the creation of the social world (Morgan & Smircich 1980, 498). Accordingly, the author views reality as a concrete process, in which human beings exist in an interactive relationship with their world and the epistemological position stresses the importance of the monitoring process, the manner in which a phenomenon changes over time in relation to its context. Based on this ontological assumption, the social world as viewed as a reality where everything interacts with everything and it is extremely difficult to find determinate causal relationships between constituent processes. (Morgan & Smircich 1980, 495–496.)

Realism offers a philosophical bridge between objectivism and subjectivism. It accepts the phenomenological argument that people's understanding of the social world affects their behaviour and understanding, but in order to determine the underlying mechanisms that influence people's actions, it also is necessary to explain observations from the social world through the use of theoretical frameworks. (May 1993, 12; Stiles 2003, 265.) It has been argued that any researcher, no matter how unstructured or inductive, has some orienting ideas when approaching their fieldwork (Miles & Huberman 1994, 17). In this research the initial theoretical framework was derived from a literature review. However, this framework was left "open" for new insights to emerge from the empirical research. Following Miles (1979), the preliminary framework was developed early on, but it was revisited repeatedly over the life of the project (Miles 1979, 591). Nevertheless, the theoretical framework was not developed in the systematic manner suggested by Dubois and Gadde (2002), and the focus was kept on organisational commitment throughout the entire research process.

The second set of assumptions is of an *epistemological* nature, i.e. assumptions about the grounds of knowledge (Burrell & Morgan 1979, 1). This research falls into the positivistic research approach. Nonetheless, the philosophy behind this research is not from the extreme positivistic end of the continuum of subjective–objective. Consequently, this research searches for underlying regularities, but at the same time a researcher acknowledges that the social world is relativistic and can only truly be understood from the point of view of the individuals who are directly involved in the activities which are studied (cf. Burrell & Morgan 1979, 5). Thus, in order to understand the development of key persons' organisational commitment, one needs to also understand how they view their organisational commitment.

Associated with these ontological and epistemological issues is the third set of assumptions, which concerns *human nature*, i.e. the relationship between human beings and their environment (Burrell & Morgan 1979, 2). In this research a human is viewed as an adaptive agent, who exists in an interactive relationship with their world. Humans are seen as influencing and being influenced by their contexts or environments. (Morgan & Smircich 1980, 495.) Thus, human beings are not seen to be merely responding to the social world but as actively contributing to its creation (Morgan & Smircich 1980, 498). In other words, whether key persons are committed to an organisation or not, is entirely based on their free will and their personal preferences. However, it is most likely to be also dependent on the situation or environment in which they are located, e.g. general work atmosphere, personal benefits, the relationship between employee and manager etc. Consequently, this research

falls in the middle ground of the voluntarism-determinism position. (cf. Burrell & Morgan 1979, 4, 6.)

Traditionally, organisational commitment has been widely studied by following the quantitative paradigm (cf. Porter et al. 1974; Mowday et al. 1979; 1982; Allen & Meyer 1990; Meyer & Allen 1997; Beck & Wilson 2001). However, commitment is very a subjective and individual attitude. Quantitative methods provide effective means for finding out the average level of organisational commitment in an organisation, and even the means to measure how this average changes over time. Nevertheless, in order to understand *the reasons* behind the changes it is necessary to employ qualitative methods. Consequently, following the three sets of assumptions outlined above, this research falls *methodologically* in the middle ground of the ideographic and nomothetic position (cf. Burrell & Morgan 1979, 6).

Accordingly, *the research strategy* chosen to solve the research problem is a longitudinal single case study using the mixed method approach (cf. Grünbaum 2007, 82). This research employs mixed methods in order to obtain a better understanding of the phenomenon under scrutiny (see Hurmerinta-Peltomäki & Nummela 2006, 4). The use of mixed methods is however often debated by the “purist” and has been compared to the “nouvelle cuisine” (Hurmerinta-Peltomäki & Nummela 2004, 163), or to the “third methodological movement” as an opposition to the qualitative and quantitative paradigms (Tashakkori & Teddlie 2003, 5). Paradigm “purists” have argued that it is impossible to mix qualitative and quantitative methods due to the incompatibility of the paradigms that underlie the methods (Burrell & Morgan 1979, 25; Tashakkori & Teddlie 1998, 11). However, it has been argued that qualitative and quantitative methods should not be viewed as rival camps, but rather as complementary methods (cf. Jick 1979). Pragmatists consider research problems to be the starting point for the selection of methods, and argue that a researcher should use both paradigms effectively to obtain a deeper understanding of a phenomenon (Tashakkori & Teddlie 1998, 13; Creswell 2003, 11–20; Hurmerinta-Peltomäki & Nummela 2004, 163).

Consequently, in this research the mixed method approach is used to obtain a better understanding of the development of key persons’ organisational commitment by using both qualitative and quantitative data collection methods. These will not attempt to examine the same research questions from the different perspectives, instead the quantitative and qualitative methods will complement each other by serving different purposes. The quantitative methods will be use to obtain organisational level information about organisational commitment and its development, while qualitative interview data will be collected to understand how an individual key person experiences organisational commitment and what affects that commitment.

To sum up, as Burrell and Morgan (1979) argue, all theories of organisation are based upon a philosophy of science and a theory of society (Burrell & Morgan 1979, 1). As this chapter has shown this research has a more open approach regarding paradigms than some researchers would approve of (cf. Burrell & Morgan 1979; Tashakkori & Teddlie 1998). However, the realist methodological approach tends to favour a mixed method approach, and may be seen as a philosophical bridge between positivism and anti-positivism views (Stiles 2003, 265). Nevertheless, this research believes that each method should be employed within the boundaries of its philosophical background. Consequently, their different nature and objectives have to be and are acknowledged within this research and it will use qualitative and quantitative methods in a complementary manner.

## 3.2 The research strategy

### 3.2.1 The single case study approach

The main purpose of this research is to analyse and explain the development of *acquired* key persons' organisational commitment to the acquiring parent company in cross-border acquisitions. It has been suggested that “how”, “who” and “what” research questions tend to favour a case study approach. Moreover, a case study method allows the retaining of the holistic and meaningful characteristics of real time events. (Yin 2003, 2–7.) And overall a case study approach allows the obtaining of a deeper understanding of the phenomenon under scrutiny (Yin 2003; Eisenhardt 1989) and provides a good research strategy for longitudinal field research using both quantitative and qualitative research methods (e.g. Pettigrew 1990, 271; Yin 2003, 42). Moreover, in business studies, case study research is particularly useful when the phenomenon under investigation is difficult to study outside its natural setting (Ghauri & Grønhaug 2002, 171). It has been argued that researchers should try harder to make their interpretations specific to situations (Weick 1979, 37; Dubois & Gadde 2002, 554). Consequently, as it was necessary to study key persons in the acquired target company and the main purpose was to understand *how* key persons' organisational commitment develops *in the specific situation of cross-border acquisitions*, it was decided to adopt a case study approach.

Case studies can be used for various purposes such as providing descriptions, the testing of or generating of theory (Eisenhardt 1989, 535; Piekkari, Welch & Paavilainen 2008, 570–571) or they can be exploratory, descriptive and explanatory (Yin 2003, 3). It has been argued that the



disciplinary convention in IB is based on exploratory, interview-based multiple case studies, which draw on positivistic assumptions and cross-sectional designs (Piekkari et al. 2008). This case study is by nature *explanatory*, as it analyses and explains *how* key persons' organisational commitment develops in cross-border acquisitions (cf. Yin 2003, 6). Stake (1994) identifies three types of case study; intrinsic, instrumental and collective case studies. Based on this categorisation, this case study would fall into the *instrumental case study* definition, as in this research the focus is on explaining key persons' organisational commitment, and the Indian-European acquisition is instrumental in analysing key persons' organisational commitment (Stake 1994, 3).

However, it has been argued that Yin's (2003) and Stake's (1994) definitions may be confusing regarding what is the case and what is the unit of analysis (Grünbaum 2007, 83–85). As the main purpose is to explore the development of key persons' organisational commitment over time, which requires a longitudinal research design, it was decided to adopt a *single case study approach* (Yin 2003, 42). It has been argued that, at least in the IB field, the term case study is ill defined, inconsistent, and unstable (Piekkari et al. 2008, 584). In this research the case is *an Indian-European cross-border acquisition in the IT field*. The phenomenon under scrutiny is the development of the organisational commitment of the European target company's key persons. Accordingly, *the unit of analysis* is the individual, i.e. the key persons. Consequently, there is one case study, i.e. the Indian-European cross-border acquisition, and multiple unit of analysis, i.e. the key persons. This approach can be defined as an *embedded design*. (Grünbaum 2007, 87.)

This research adopted a longitudinal *real time* case-study approach (cf. Leonard-Barton 1990; Pettigrew 1990; van de Ven 1992). The main reasons for choosing this strategy were related to the need to minimize retrospective bias. Retrospective data may comprise retrospective errors, especially, data based on recollection (e.g. Golden 1992; Taris 2000). In other words, the main aim was to analyse the development of organisational commitment as it unfolds following a cross-border acquisition. Attitudes, such as organisational commitment, are very hard to memorize accurately when working retrospectively (unless extreme), compared to events. Moreover, a prior knowledge of the outcome of an M&A may bias any findings, e.g. a successful M&A may accentuate positive attitudes and vice versa. (cf. van de Ven 1992, 181.) Consequently, data were collected in real time for a time period of two years. The time frame was selected based on case specific reasons, of which the most important was related to the length of the key persons' retention contracts. However, it has been argued that in a real time longitudinal study, a researcher is in a danger of losing objectivity by becoming too involved with

the organisation, the people and the process (Leonard-Barton 1990, 256). The researcher was aware of this problem and recognised the challenge, which was minimized by limiting interaction with the organisation and people to research related issues.

Case studies typically combine multiple data collection methods e.g. interviews, questionnaires, observations and secondary data. Combining multiple data collection methods and combining qualitative with quantitative methods is typical for theory building researchers (Eisenhardt 1989). This is also referred to as triangulation. However, triangulation often refers to studies where the phenomenon is studied using different methodologies and data sources in order to increase the validity (cf. Yin 2003, 99; Brewer & Hunter 2006, 5). Instead this research adopts a mixed method approach where data are collected using both quantitative and qualitative methods to complement each other (cf. Eisenhardt 1989; Hurmerinta-Peltomäki & Nummela 2006). Data were collected with four sequential questionnaires from the entire personnel and by qualitative interviews with selected key persons and other personnel (cf. Creswell 2003, 15–21). The data collection process is described in greater depth in chapter 3.3. The next chapter describes the case selection process and the selected case.

### 3.2.2 The case

It is argued that researchers aiming at theory building or theory development should select their cases based on theoretical sampling. Theoretical sampling refers to a case selection strategy where cases are selected because they are particularly suitable for illuminating and extending relationships and logic among constructs. (Eisenhardt & Graebner 2007, 27.) Cases may be selected because they represent a critical, extreme or unique case, or they are representative, i.e. typical cases (Yin 2003, 40–42). Resources such as time and financial resources as well as other practical issues are important when selecting a case (Ghauri & Grønhaug 2002, 176). In order to obtain a better understanding of key persons' organisational commitment in cross-border acquisitions, it was decided to choose *a typical case*. This was in line, with the instrumental case study approach (cf. Stake 1994, 3). Nevertheless, it is sometimes hard to judge what is typical. This is particularly true in a longitudinal real time case study approach where the case has to be evaluated at an early stage based on limited information and the end result is very unclear (cf. van de Ven 1992, 181). However, "typical" in this case referred to a cross-border acquisition, which fulfilled the definition given in the literature (e.g. Schimizu et al. 2004; Jagersma 2005). It has been argued that we would

learn more from unusual cases (cf. Stake 1994, 4), but as it is hard to judge a longitudinal real time case study in advance, several other criteria helped to select the appropriate case.

Accordingly, a suitable case was needed to fulfil several requirements (see table 1). The most important selection criteria in addition to the international nature of the deal, is that the acquisition has been motivated by the need to gain knowledge embedded in the acquired employees. Consequently, it can then be assumed that the acquired company has critical key persons, whose departure would be harmful from the acquirer's perspective. Additionally, the M&A had to be recent in order to enable the study of the development of organisational commitment from as early as possible after the announcement of the deal. Previous to contact with the company the researcher had remained alert for potential cases. Managers were then interviewed in order to ascertain the suitability of the case and the willingness of the managers to engage in such a long project, i.e. a longitudinal real time case study. As this research required much time and commitment from the organisation, access obviously guided the selection process (cf. Kimberly 1976, 343–344). Table 1 below describes the main requirements of the case.

Table 1 The case criteria

Criteria for a suitable case	Reasoning
1 <i>international M&amp;A</i>	The acquirer and acquired companies have to be headquartered in different countries (cf. Child et al. 2001; Shimizu et al. 2004). This research aims to contribute to the field of International M&As, as they represent a considerable amount of FDI figures in OECD countries. In addition, these are usually perceived as more challenging. Moreover, the international aspect may also contribute also to the field of commitment
2 <i>recent</i>	The acquisition selected should be rather recent, as the early phases are the most critical from the human resource perspective. Moreover, the purpose is to explore the development of organisational commitment longitudinally, therefore it is important to collect data from the beginning i.e. preferably from the first months after the announcement.
3 <i>knowledge as M&amp;A motive</i>	One of the main motives behind the acquisition should be the knowledge embedded in the employees, as in such acquisitions the retention of key persons is extremely important for the success of the acquisition (e.g. Ranft & Lord 2000;2002; Kiessling & Harvey 2006). This research will not focus on the acquisitions of production plants etc.
4 <i>key person critical</i>	Finally, there should be critical key persons in the acquired company, whose departure could be harmful from the acquirer's perspective.

The case company selected for this research fulfils all the above mentioned criteria. In order to protect the anonymity of the case company the names of the two organisations will not be revealed. One was a small and medium sized European high-tech company (Alpha Group) operating as a sub-contractor in the field of telecommunication, employing around 250 workers. It was acquired in 2006 by an Indian company, which will be referred to as Gamma. Gamma was bigger than the target company in terms of personnel, as it employed around 3000 employees and could be considered medium-sized in its domestic market. The nature of the deal can be defined as friendly as both companies were looking for a partner in order to grow and become more international. The European Alpha Group needed to grow internationally and expand its customer base but its resources were limited. Moreover, as competition was becoming fiercer many companies in the high-tech sector in Europe had already transferred all or parts of their production and R&D to low cost countries in Asia. On the other hand, the Indian company was looking for new customers, new know-how and a foothold in Europe. The acquisition type could be defined as a conglomerate acquisition as both companies operated in the same field (e.g. Kitching 1969; Walsh 1988; Cartwright & Cooper 1992), although in different areas, which meant that the technological know-how of the target complemented the capabilities of the acquiring company. Gamma India operated in the field of software engineering, while Alpha Group operated in the field of both software and hardware engineering.

The acquiring company and the target company had a rather similar company history and shared the same values to a large extent. In addition, both companies had similar goals regarding the M&A. However, the Indian and European cultures obviously brought some challenges to the integration phase, although in general both parties were very culturally sensitive from the very beginning. There were concrete challenges regarding the post-acquisition integration as the European target company was geographically spread over six cities. In addition, it had grown through smaller acquisitions and in consequence the target company had two main sites; Alpha and Beta. Alpha operated in the field of hardware engineering, and in 2004 it acquired Beta, who was specialised in software engineering. The integration of these two organisations was still on-going at the time of the acquisition. Alpha had a strong presence in City A, while Beta had a strong presence in City B. The headquarters, however, was in City A. Furthermore, the target company had smaller sites in different cities, which were located close to or within the premises of key account customer, and the employees mainly worked at their customers' premises on different projects. Both Alpha and Beta had strong, distinct identities and based on the interviews the cultural differences between the organisations were substantial, even though both companies operated

within the same country. Thus, the target company initially had employees with multiple organisational identities. Nevertheless, approximately six months on from their acquisition by Gamma the full operational integration of Alpha and Beta was still required and their name was changed to Gamma Europe. Figure 9 illustrates the organisational division of the acquired Alpha Group and the acquiring Gamma Group

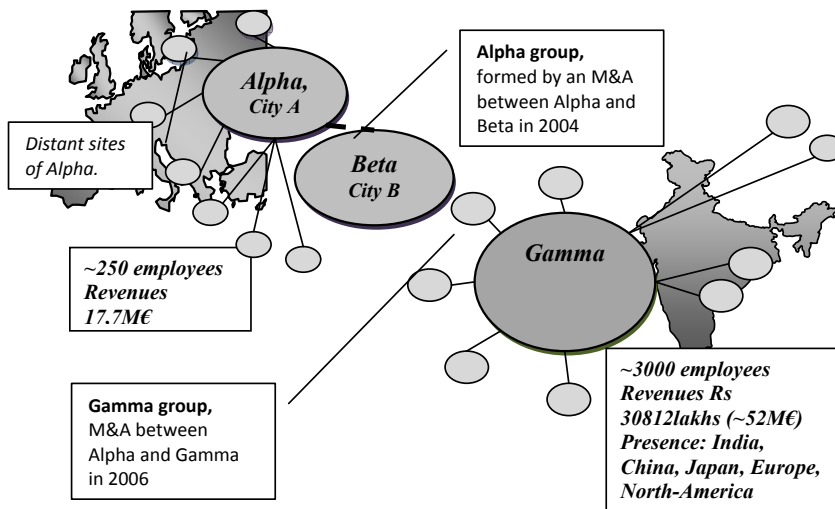


Figure 9 Acquired Alpha Group and acquiring Gamma Group.

The contact persons for the research were the CEO and the HR assistant of the acquired target company, the Vice President of HR at the Indian parent company as well as the Indian integration manager at the acquired target company. Some of the target company's key persons, all former owners, were tied by contracts for two years to the company, which rendered the research setting problematic at first. Typically, organisational commitment is associated with turnover, but in this case the researcher had to consider *turnover intentions* as actual turnover had been contractually prohibited (see also chapter 2.2.2.3.). Nevertheless, this procedure is typical in M&As. Consequently, it was decided to frame the research process to the length of the retention contracts, i.e. to the period the key persons would at least be available for research purposes. During summer 2008, nearly two years on from the acquisition 11 of those key persons, who were part of this research, had left the company and 2 key persons were considering leaving in the near future.

In summary, the setting of the acquisition renders this case very interesting. It has been argued that levels of commitment are usually rather low among

knowledge workers (e.g. Barley & Kunda 2001). India's high-tech sector is booming, and recent research has been increasingly interested in organisational commitment among software professionals (e.g. Paul & Anantharaman 2004; Bhatnagar 2007). Due to the high level of alternative job opportunities, the Indian high-tech companies are used to much higher voluntary employee turnover rates than European companies. The turnover rate in the parent company in India was 21.5% in the financial year 2006–2007, and rose to 24.3% in the financial year 2007–2008. The fact that the acquirer is Indian renders this case also very interesting. Foreign acquisitions by Indian firms are still a relatively recent phenomenon, and they have been doing deals outside their borders only since 2000. (Kumar 2009, 45.) Consequently, this case study provides interesting insights into the challenges related to cultural differences and cross-border commitment building in the high-tech industry. The next chapter describes the data collection process in more detail.

### 3.2.3 Longitudinal research approach

Longitudinal research is seen to be applicable in research focusing on change, development or process (cf. Kimberly 1976; Leonard-Barton 1990; Pettigrew 1990; Menard 1991; Van de Ven 1992; Bergh & Holbein 1997). It has been suggested that when studying change over time, undertaking a real time study as they unfold in their natural field setting would be the best approach (van de Ven 1992, 181). Many researchers have argued that a longitudinal design would help to acquire a deeper understanding of the development of organisational commitment (e.g. Mowday et al. 1982, 72; Cohen & Freund 2005, 349; Parish, Cadwallader & Busch 2008, 46). In order to obtain a better understanding of how key persons' organisational commitment develops during cross-border acquisitions this research used *a longitudinal real time research approach*, in which data were collected in real time through questionnaires and interviews. The real time design minimized problems related to retrospective errors (e.g. Golden 1992; van de Ven 1992). The selected time frame was *two years*, and was based on case specific reasons (see chapter 3.2.2).

It has been suggested that when studying change or processes, researchers should carefully design their strategy in such a way as to make it consistent with their definition and theory (van de Ven 1992, 181). Consequently, when to study is about understanding how key persons' organisational commitment develops over time following a cross-border acquisition, it is therefore necessary to understand the background of the acquisition and the target

company. Thus, the first interviews in both the target and acquiring company included questions about the background and history of the companies in order to have a better understanding about how the present relates with the past. However, the main focus is on the real time study of key persons and how their organisational commitment develops as they occur without knowing a priori the outcome. (cf. van de Ven 1992, 181.) The longitudinal research design of this research was carefully designed well before the actual case took place.

There is a lot of discussion about what type of research is considered “truly” longitudinal and what studies are not usually regarded as longitudinal (cf. Menard 1991; Taris 2000). A minimum requirement for any truly longitudinal research design is that it should permit the measurement of differences or change in a variable from one period to another (Menard 1991, 4). According to this definition, several types of research may be regarded as longitudinal. Nevertheless, a narrower conceptualisation of longitudinal research defines it as research where data are collected for each unit of analysis for two or more distinct time periods (cf. Menard 1991, Baltes & Nesselroade 1979; Wall & Williams 1970). The so-called “pure” longitudinal study refers to studies where it is planned that every individual should be measured on every single occasion. In social sciences the concept of panel study has been viewed as being synonymous with longitudinal study. (Goldstein 1979, 2.) Thus, the principal distinction between longitudinal and cross-sectional data collection is that in longitudinal research (by definition) data are collected on each variable for at least two periods (Menard 1991, 32).

The selected panel design was not made according to the “pure” longitudinal study (cf. Goldstein 1972, 2). *The quantitative panel design* was based on sequential cross-sectional studies in order to ascertain an adequate number of respondents at each questionnaire round. The main reasons for this design were the need to satisfy the needs of the target organisation, who expected the results from each questionnaire immediately after the survey, and because using a traditional panel design, where only the respondents of the previous round were included, might have lead to a smaller sample. The panel was formed only afterwards, by identifying the same respondents in all four quantitative surveys. This was made possible by using the electronic web based questionnaires that provided the emails of the respondents. This information was only used to form the panel data, and otherwise the respondents’ anonymity was ensured. The final panel data comprised 65 respondents, which was considered rather good considering the length of the research process, as well as sufficient regarding for statistical analysis (cf. Hair, Black, Babin, Anderson & Tatham 2006, 112). Consequently, the quantitative research design used may be initially defined as *a repeated cross-*

*sectional design*. However, the analysis was conducted following a *prospective panel design*, for which the data were collected from four distinct periods and was based on the same set of respondents and variables in each period. (cf. Menard 1991, 4.)

*The qualitative panel design* also followed a *repeated cross-sectional design* (Menard 1991, 4). The researcher obtained the name of 17 key persons for the first interview round, and these formed the initial panel for the qualitative interview research. However, due to turnover or maternity leaves and changes in who were considered key persons etc. only 11 interviewees were interviewed three times, i.e. at each interview round, and 15 were interviewed twice. Additionally, 25 non-key person interviewees were interviewed once (see Appendix 9). Issues related to the data collection are explained in greater depth in chapter 3.3.

The main challenges connected to longitudinal research are cost, time, and cooperation between the researcher and the host organisation(s) (Smith, Gannon & Sapienza 1989; Menard 1991; Buckley & Chapman 1996; Yli-Renko, Autio & Tontti 2002). There are risks that can hamper a longitudinal research process, such as the departure of the respondents in an organisation, while the sensitivity of the obtained results may hinder the publishing of the final research (e.g. Leonard-Barton 1990). However, the researcher was prepared for such situations, and such “drawbacks” were considered as results as such and as a natural progress. Panel attrition did take place in the form of turnover, e.g. two key persons left the company before summer 2008 and one was on maternity leave (cf. Menard 1991, 36).

In longitudinal research designs, biases in sampling may be amplified by repetition in repeated cross-sectional designs, or the effects of the researcher on respondents may be amplified by repeated contact between the researcher and the subject in prospective panel designs (Menard 1991, 32). Consequently, there is a possibility that repeated measures over time of a particular variable on the same people can yield results which are unreliable. However, if what has taken place in the behavioural setting is taken into account, repeated measures reflect real change over time (Kimberly 1976, 338–339.) This problem was acknowledged by the researcher. Nevertheless, it was found out that repeated contact between the researcher and the subjects also enabled the building of trust. Many of the interviewees, who were suspicious or reserved during the first interview round, were much more relaxed and open during the second and third interview round.

Furthermore, it has been argued that if a researcher is part of the social system, he/she affects it, and cannot observe the system in its natural state (van de Ven & Huber 1990, 216). A longitudinal research design often requires much effort from the researcher to maintain relationships with the



organisation. Companies are used to a quick turnaround of information and may require results already during the research process. This in turn may be regarded as an intervention, and the researcher has to be alert to the potential biasing of future responses. (Leonard-Barton 1990, 263.)

In this research, the researcher had agreed to report the results from each questionnaire round within three months of each data collection in gratitude for the long term access to the company. The researcher reported the quantitative results as objectively as possible, and the top management were left to take whichever action they felt was best. In order to control for any unintended consequences that the reports may have had, the researcher had asked the top managers about any subsequent action taken during their next round of interviews. Each report was presented at the Board of Directors' meetings, but as the results were never alarming, the reports did not lead to any action in the organisation. The researcher also presented the results to the employees at the organisation's quarterly meeting in January 2008. Although the researcher acknowledged that it may impact upon the respondents in one way or another, this was also seen as an opportunity to motivate the respondents for the final quantitative questionnaire round in June 2008. Thus the researcher had to find a balance by providing research results during the research process, which may have negatively influenced the response rate and attitudes, but on the other hand may have motivated, encouraged and created a feeling of trust towards the research. The presentation focused on the objective results from questionnaires 1 to 3 and the researcher was careful not to present immature conclusions. Consequently, there was a risk that employees would have felt that the actual research was too superficial and did not really deal with the issues they thought were important. The reliability and validity related to quantitative study are discussed more in depth in chapter 3.3.2.5., and related to the qualitative study 3.3.3.3. Moreover, the quality of the entire study is discussed in chapter 3.4.

In summary, as this research focused on the changes and the development of key persons' organisational commitment over time, it was only natural to choose a longitudinal research design. Research on commitment has traditionally been cross-sectional, while longitudinal research designs have rarely been conducted (e.g. Mowday et al. 1982, 71; Cohen & Freund 2005, 3). Considering the challenges related to repetitive measurement (e.g. Kimberly 1976; Menard 1991) the panel design has merely been used *to describe change and trends*, not to measure change as such. Consequently, each questionnaire and interview round is viewed as reflecting attitudes cross-sectionally from that specific period in time. The main aim of this research is to analyse and explain *how* key persons' organisational commitment develops, but the focus is more on *understanding change, i.e. reasons behind increasing*

*or decreasing organisational commitment*, than its accurate measurement. This longitudinal single, real time case study approach adopted a mixed method design, which enabled the researcher to obtain a deeper understanding of the phenomenon. The data collection strategy is explained in more depth in chapter 3.3.

### 3.3 Data collection and analysis

#### 3.3.1 The data collection strategy

This research used a single and longitudinal real time case study research strategy and data were collected using a mixed method approach in order to obtain a deeper understanding of key persons' organisational commitment and how that develops in cross-border acquisitions. One of the major strengths of the case study approach is the opportunity to use many different sources of evidence (Yin 2003, 97). Case studies typically combine data collection methods such as archives, interviews, questionnaires, and observations, and the data may be qualitative or quantitative or both (e.g. Eisenhardt 1939, 534–535). Moreover, it has been suggested that using multiple methods in order to gain an understanding of the inputs, processes and outcomes of an organisational change (such as an acquisition) might be more useful than focusing on merely one tool (Van de Ven & Huber 1990; Pettigrew, Woodman & Cameron 2001).

The combination of diverse research methods has been referred to by concepts such as triangulation, multi-method, methodological mix, combined, integrated mixed and multiple methods (Teddlie & Tashakkori 2003; Brewer & Hunter 2006; Hurmerinta-Peltomäki & Nummela 2006). Denzin (1978)<sup>15</sup> has introduced a typology of triangulation that differentiates data, investigator, theory and methods triangulation (Hurmerinta-Peltomäki & Nummela 1978, 295). The term triangulation is problematic and often used synonymously with the term multiple methods (cf. Brannen 1992, 11; Brewer & Hunter 2006, 6). Triangulation usually refers to studies where a phenomenon is studied from different methodological perspectives in order to increase its validity, i.e. when the data, events or facts have been supported by more than one single source of evidence (e.g. Jick 1979, 602–603; Yin 2003, 98–99; Brewer & Hunter 2006, 5). In this research multiple sources of evidence are used but the data have not been triangulated (Yin 2003, 99). Consequently, in this research

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<sup>15</sup> Original source: Denzin, N. K. (1978) *The research act: a theoretical introduction to sociological methods*. McGraw-Hill: New York.

the concept of mixed method is used when referring to a study where one combines *qualitative data collection and/or analysis with quantitative data collection and/or analysis* in a single study (Creswell 2003, 212–214; Hurmerinta-Peltomäki & Nummela 2006, 3).

As mentioned earlier, it has been argued that it is impossible to mix qualitative and quantitative methods due to the incompatibility of the paradigms that underlie the methods (Burrell & Morgan 1979, 25; Tashakkori & Teddlie 1998, 11). However, qualitative and quantitative data usually complement each other (e.g. Jick 1979; Eisenhardt 1989; Hurmerinta-Peltomäki & Nummela 2004). The combination of qualitative and quantitative data types can be highly synergistic (Eisenhardt 1989, 538). Moreover, each type of method, if it is appropriately applied, can lead to potentially valid empirical and theoretical generalisations about the phenomenon under scrutiny (Brewer & Hunter 2006, 2). It has been argued that a mixed method strategy, when applied correctly, may offer benefits and is value added compared to more traditional approaches using a single research method (Hurmerinta-Peltomäki & Nummela 2006, 14). In this research, the philosophical background of each research method employed is respected and each method used serves a specific, complementary purpose.

It has been argued that the value-added aspect increases cumulatively if mixed methods are used in multiple phases of the research process, and is at its highest when they have been used in all phases; the initiation, the implementation, the integration and interpretation (Hurmerinta-Peltomäki & Nummela 2006, 13; see also figure 10). In this study, the mixed method strategy was used in the integration and interpretation phase. The researcher conducted a quantitative pilot study at *the initiation phase*, in which the aim was to test the questionnaire (see chapter 3.3.2.1). During *the implementation stage*, data were collected both quantitatively and qualitatively. Data were also analysed during the integration phase using both quantitative and qualitative methods. Finally at *the interpretation phase* conclusions were drawn by using both methods. Nevertheless, the emphasis was on qualitative research methods, as this data was richer and covered all research questions. All in all, it can be concluded that quantitative and qualitative data were analysed concurrently with qualitative and quantitative methods (Hurmerinta-Peltomäki & Nummela 2006, 9).

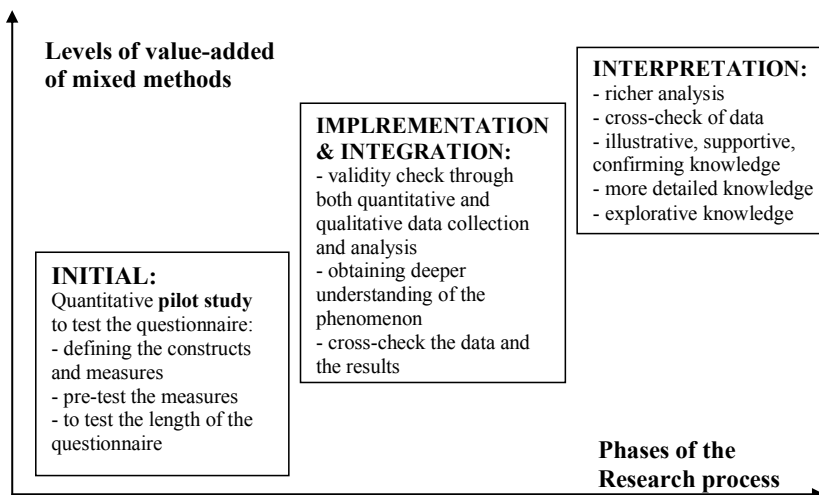


Figure 10 The levels of value-added of the mixed methods in the different phases of the research process (adapted from Hurmerinta-Peltomäki & Nummela 2006, 14).

Both longitudinal and mixed method approaches are laborious and require a great deal of preparation prior to the actual empirical work. It is not always the best approach, so researchers should ask themselves the following questions: In which order should the methods be employed? What is the role of each method? What is the purpose behind the use of a mixed method? (Hurmerinta-Peltomäki & Nummela 2004, 165–166). In this research, *the order* of the methods was sequential, i.e. a quantitative questionnaire usually preceded the qualitative interviews (cf. Creswell 2003, 16). The data collection started with a quantitative questionnaire. The main reason for this was to obtain some pre-understanding of the “level of commitment” within the organisation soon after the acquisition took place. The questionnaire was administered to the respondents 3 months after the deal had been announced. The interviews took longer to organise due to the Christmas break. Thus the quantitative questionnaire had a faster and easier start within the research process. It has been suggested that the researcher should be most active in data collection during the first year after an acquisition, since this period tends to be critical regarding employees (see e.g. Buono & Bowditch 1989; Cartwright & Cooper 1995; 1999; Krug & Nigh 1998; Hubbard 1999). Consequently, it was decided to collect quantitative survey data approximately every 6 months. Previous research has argued that the shorter the period between the measurements of different variables the greater the predictability of turnover (cf. Mowday et al. 1982; Cohen 2003). In this research the variables were measured on the same

time in the each questionnaire round. Figure 11 below illustrates the sequential collection of data within the research process.

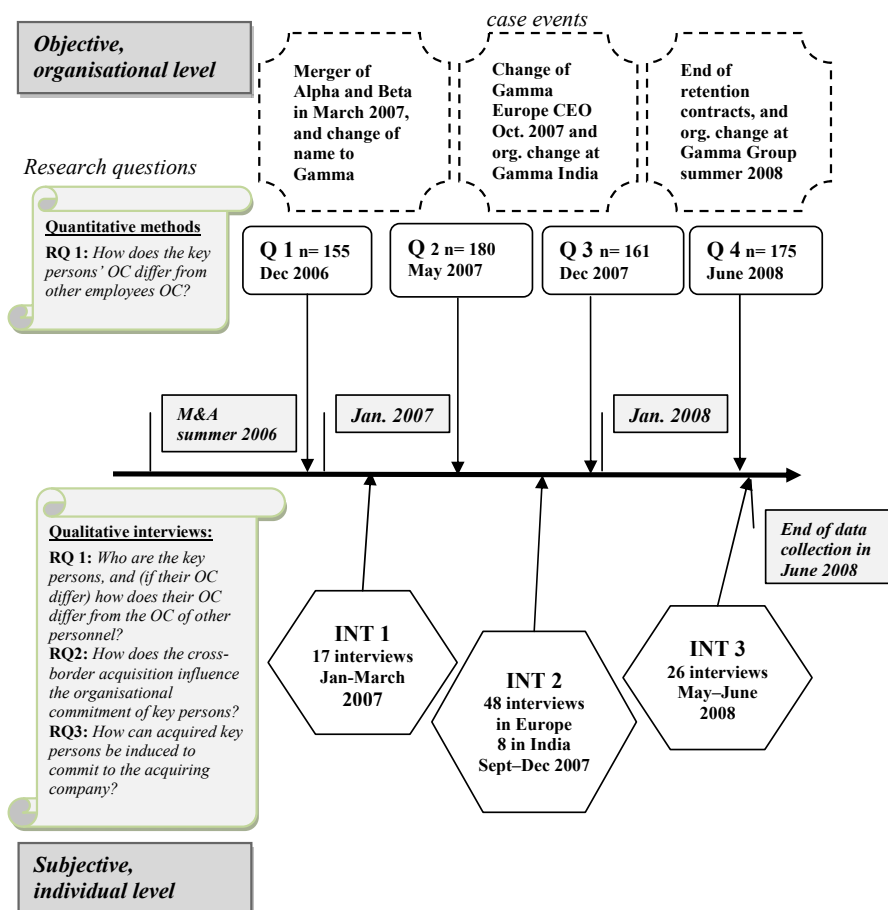


Figure 11 The objective and subjective level of the data collection process in relation to the research questions and case events

As figure 11 illustrates, the quantitative questionnaires provided objective, organisational level data, while the interviews provided subjective, individual level data. It has been suggested that data collection should be as planned as possible given the research questions (Tashakkori & Teddlie 1998, 97). In this research the qualitative interviews were used to analyse all three research problems. On the other hand, the quantitative data were used to analyse research question 1 “How does key persons’ organisational commitment differ from the organisational commitment of other employees?”. Regularly scheduled and intermittent real time data collection was necessary to observe

if and how changes occur over time. Additionally, real time observations were needed to understand how these changes occurred. (van de Ven 1992, 181.) The data collection process was mainly based on regularly scheduled interviews and surveys, but the researcher had access to real time observations through informal discussions with the top managers of the acquired company. The data collection process was relatively regular, but remained sensitive to case events; e.g. the second questionnaire round took place in spring 2007 soon after the merger between Alpha and Beta and the name change to Gamma Europe. The third questionnaire and interview round took place while the parent organisation underwent a bigger organisational change. However, the fourth questionnaire and interview round overlapped in June 2008 due to timing in relation to the third round and the ending of the research process. Nevertheless, in general, the sequential order of the data collection benefited from the questionnaire results when preparing for the interviews, which, in turn, then benefited from the interviews when designing the next questionnaire. The data collection process is described in more detail in chapters 3.3.2. and 3.3.3.

Despite the mixed method approach the qualitative methods have *the dominant role* (cf. Hurmerinta-Peltomäki & Nummela 2004). This can be also seen in figure 11, which demonstrates that qualitative data was used to answer all three research questions, while quantitative data only one. Consequently, the quantitative questionnaire only supports the qualitative data, i.e. have a less dominant role of acting merely as a tool for providing organisational level information. However, the quantitative questionnaire has also proven to be a fruitful way to obtain qualitative data, which has been very valuable in guiding the researcher to obtain a more holistic understanding of the phenomenon. Respondents appeared to be more open and less guarded when answering anonymously to the questionnaire than during face to face interviews. The qualitative and quantitative data also had a different purpose.

Consequently, *the purpose* of using the mixed method approach was to obtain both individual level and organisational level data (cf. Hurmerinta-Peltomäki & Nummela 2004). Commitment has traditionally been studied quantitatively and research in this field has produced well established questionnaires (cf. Porter et al. 1974; Mowday et al. 1979; 1982; Morrow 1983; 1993; Allen & Meyer 1990; Mathieu & Zajac 1990; Meyer & Allen 1997). Quantitative survey data were used in this research to show the general development of organisational commitment in the acquired target organisation. Moreover, quantitative data permitted the comparison of the levels of the organisational commitment of the key persons with the level of organisational commitment of other personnel. On the other hand, qualitative data was used to obtain richer data, in order to analyse the “who” and “how”

questions of the research questions. Thus the main purpose for using qualitative interview data was to provide reasons and explanations regarding the development of key persons' organisational commitment.

In conclusion, ideally a researcher should choose the best approach based on the research problem, and thus the mixed method should only be used if it is necessary to answer the research questions, i.e. if it helps in solving the research questions (Tashakkori & Teddlie 1998, 97; Creswell 2003, 11–20; Hurmerinta-Peltomäki & Nummela 2004, 175). In this research, the data collection strategy was chosen based on the research questions, which required the use of both quantitative and qualitative research methods in order to obtain a better understanding of how key persons' organisational commitment develops following cross-border acquisitions. The next chapters describe the data collection and analysis in more depth.

### 3.3.2 The quantitative study

#### 3.3.2.1 Testing the quantitative questionnaire

In order to prepare for the longitudinal quantitative data collection, the questionnaire to be used in the quantitative data collection was designed and tested in a pilot study (cf. Heikkilä 1998, 61; Kline 2005, 46). The pilot study also served the purpose of obtaining a pre-understanding of the issues related to employees' commitment in cross-border acquisitions. The company chosen for the pilot study was a Finnish company that produces consumer goods. The company was acquired in 2003 by a European group. The acquisition type could be defined as a horizontal or related acquisition as both companies operated in the same field (e.g. Kitchin 1967; Walsh 1988; Cartwright & Cooper 1992). Additionally, the deal was experienced as a rather friendly acquisition. For nearly a decade the Finnish company had been a part of a financing company, which was not that interested in the business itself but rather in related investment opportunities. Thus, the new European parent company was well received, as the acquirer was viewed as being committed to and also interested in the business side of the acquired company. The Finnish company complemented the product range of the acquirer so there were not many related overlaps. Consequently, no dramatic changes were made directly after the acquisition. The Finnish company continued doing business with the same personnel and managers, except with the distinction that it was now operating as a subsidiary of the European Group. In order to protect the anonymity of the case company the names of the two organisations will not be revealed.

The company was chosen based on accessibility and the fact that it fulfilled the requirements set for the pilot study, i.e. it represented a cross-border acquisition. This acquisition within the consumer goods sector did not represent the ideal case for research that focused on knowledge intensive acquisitions. However, the pilot study was important with regard to the testing of technical and methodological issues regarding the questionnaire and data collection. It was also critical for the actual longitudinal data collection in the actual case study that the researcher was well prepared.

The pilot study was conducted in autumn 2005. The case company employed around 160 employees in total, but it was agreed to conduct the study only at the administrative level and among white-collar workers. The final sample comprised all the 62 persons working at the managerial and clerical level of the organisation. The questionnaire was distributed to the employees of the acquired firm through the company's internal mailing system. The response set for each item consisted of a seven point scale ranging from 1 "strongly disagree" to 7 "strongly agree". The personnel were given two weeks to fill the questionnaires and they were able to send the questionnaire directly to the researcher in a prepaid envelope. Altogether 43 questionnaires were returned, which resulted in a response rate of 69.4%. The response rate can be considered satisfactory when taking into account the length of the whole questionnaire, although it was rather limiting with regard to the possibilities for statistical analysis.

The scales were pooled from an extensive literature review and based on recommendations provided by scholars. Various employees' commitment have been studied for decades now (see e.g. Porter et al. 1974; Mowday et al. 1979; Cook & Wall 1980; Blau 1985; Allen & Meyer 1990; Meyer & Allen 1997), and numerous scholars have designed and tested their scales (e.g. Porter et al. 1974; Blau 1985; Allen & Meyer 1990). Others have replicated these studies and further tested the validity of these scales (e.g. Benkhoff 1997; Hartman & Bambacas 2001). Consequently, it seemed logical to build on existing research and use existing or borrowed scales (cf. Douglas & Nijssen 2003).

The initial questionnaire included 13 variables; *organisational commitment*, *career commitment*, *work commitment*, *job satisfaction*, *turnover intention*, *knowledge sharing*, *organisational identification*, *stress*, *acquisitions*, *culture*, *psychological contract*, and *alternate job opportunities*. The variables chosen presented a pool of variables considered important at the early stage of the research. The theoretical framework aimed for a holistic approach and lacked a clear focus as the framework drew from several research streams such as M&A, organisational commitment, work commitment, career commitment, turnover models (e.g. Mobley 1977; Mobley et al. 1978; Mowday et al. 1982;



Morrow 1983; 1993; Blau 1985; 1989; Buono & Bowditch 1989; Cartwright & Cooper 1993; 1999; Meyer & Allen 1997; Krug & Nigh 1998; Mael & Ashforth 1992; Kim et al. 1996; Hubbard 1999; Price 2000; Elangovan 2001; Risber 2001; Kusstatscher & Cooper 2005), which implied that factors such as job satisfaction and alternative job opportunities, knowledge sharing, and cultural issues would be important in understanding organisational commitment. Appendix 1 provides a summary of the scales employed in the pilot case study, indicating the authors, the number of items as well as the Cronbach's alphas in this study.

**Organisational commitment** was measured using the 15 item OCQ developed by Mowday et al. (1979) ( $\alpha=0.915$  acquirer commitment and  $\alpha=0.913$  acquired commitment). Based on findings from earlier literature reviews it is apparent that the OCQ developed by Mowday et al. (1979) has become the standard approach to measuring commitment (Reichers 1985; Mathieu & Zajac 1990). However, as this scale has been criticized for lacking homogeneity, Meyer and Allen's (1997) revised three-component scale was also used ( $\alpha=0.923$  acquirer commitment and  $\alpha=0.880$  acquired commitment). Both scales have been developed for several years according to their psychometric properties (see e.g. Porter et al. 1974; Mowday et al. 1979; Mowday et al. 1982; Allen & Meyer 1990; Meyer et al. 1993; Meyer & Allen 1997) and have been widely used and tested afterwards (e.g. Benkhoff 1997; Iverson & Buttiegieg 1999; Mathieu, Bruvold & Ritchey 2000 Hartmann & Bambakas 2001). Consequently, these scales are considered to be among the best scales available for measuring organisational commitment. Both scales were used in order to see whether they differed and to what extent. Organisational commitment was measured in relation to both the acquiring and acquired organisation. The results found no major differences in the validity of scales when using the OCQ to measure organisational commitment towards either the acquiring or the acquired firm.

**Job commitment** was measured by using the ten item job involvement questionnaire ( $\alpha=0.878$ ) developed by Kanungo (1982). Kanungo's (1982) job involvement questionnaire corresponded well with the definition of job commitment given in this research (cf. Cohen & Freund 2005). Moreover, according to Morrow (1993), Kanungo's (1982) job involvement scale would be the best scale with which to measure job commitment. **Career commitment** was measured using the eight item scale of Blau (1985) ( $\alpha=0.765$ ). According to Morrow (1993, 31), this scale is psychometrically the cleanest scale.

**Job satisfaction** was measured using the ten item scale of Warr, Cook & Wall (1979) ( $\alpha=0.779$ ). Based on a literature review the three most frequently used measures of job satisfaction are the scales developed by Smith, Kendall

and Hulin (1969)<sup>16</sup>, the Minnesota Satisfaction Questionnaire developed by Weiss, Dawis, England and Lofquist (1967)<sup>17</sup>, Hackman & Oldham (1975) (Cooper-Hakim & Viswesvaran 2005, 248). Nevertheless, these scales were difficult to find or under copyright (cf. Price 1997, 484). Consequently, as Warr, Cook and Wall's scale (1979) was easily available and well established (cf. Price 1997; Cooper-Hakim & Viswesvaran 2005) and suitable for this research, it was used.

**Turnover intentions** were measured through seven items, combining the scales developed by Meyer et al. (1993) and Kim et al. (1996). This was proved to be a good idea as together these scales showed better validity ( $\alpha=0.936$ ), than separately (Meyer et al. 1993:  $\alpha=0.910$  and Kim et al. 1996:  $\alpha=0.868$ ). Meyer et al.'s scale originates from the scale developed by Mobley et al. (1978). Both have been widely used in turnover literature and in the context of organisational commitment. The scale designed by Kim et al. (1996), which has later on also been used by Price (2000), appeared appropriate for this research. Moreover, the combination of two different scales provided a deeper understanding of turnover intentions. However, the author added eight items to measure acquisition related turnover with items such as: item 1. *I had already considered leaving this organisation before the acquisition*, item 4. *Many key persons who possessed critical knowledge have left voluntarily due to the acquisition*, and item 5. *Many key persons with critical knowledge have had to leave due to the acquisition*. Nevertheless, the validity of this scale was considerably lower than the validity of the borrowed scales ( $\alpha=0.660$ ). These additional variables were not included in the questionnaire of the longitudinal case study on the Indian-European acquisition.

**Alternative job opportunities** were measured using a three item scale that combined the scales developed by Arnold and Feldman (1982) and Kim et al. (1996) and showed good reliability ( $\alpha=0.814$ ). The original scale developed by Arnold and Feldman (1982) was a one item scale, and it was considered rather short. Thus including the two item scale developed by Kim et al. (1996) was supposed to increase the validity of the measurement tool. Moreover, these three items together provided a better understanding of the alternative job opportunities.

**Organisational identification** was measured both towards the acquirer and the acquired organisation using the scale developed by Hall et al. (1970). No

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<sup>16</sup> Smith, P. C. – Kendall, L. M. – Hulin, C. L. (1969) *The measurement of satisfaction in work and retirement: a strategy for the study of attitudes*. Rand McNally: Chicago.

<sup>17</sup> Weiss, D. J. – Dawis, R. V. – England, G. W. – Lofquist, L. H. (1967) *Manual for the Minnesota Satisfaction Questionnaire* (Minnesota Studies in Vocational Rehabilitation, No. 22) Minneapolis: Industrial Relations Center, University of Minnesota.

specific scale stood out when reviewing the scales and this four item scale operationalised organisational identification in a simple and adequate way. It also demonstrated more than satisfactory validity ( $\alpha=0.85$ ), and there was only a small difference when comparing the validity of the scales measuring identification towards the acquired or acquiring organisation.

In addition of these main theoretical concepts also related variables were included in the questionnaires, such as stress, psychological contract and knowledge sharing. **Stress** was measured with the 13 item scale developed by Parker & DeCotiis (1983) and a six item scale designed by the author. The scale developed by Parker & DeCotiis has been used in relation to organisational commitment by Elangovan (2001) and seemed to capture the essence of job related stress very well. The validity of this scale was high ( $\alpha=0.916$ ). However, an additional six items were included in order to measure acquisition related stress. These included item 1. *I have been more stressed since the acquisition, than I was before the deal*, and item 3. *The acquisition has increased my work load and I feel I am not coping with it*. This additional six item scale showed good validity ( $\alpha=0.803$ ).

**Psychological contract** was added for explorative reasons, and measured by use of Robinson and Rousseau's (1994) two item scale. Nevertheless, this scale showed poor validity ( $\alpha=0.585$ ). There can be many reasons for this; first, the small sample size together with the few items may lead to lower validity, and second, this type of questionnaire where the respondent assesses whether an employer has kept their promises towards its employees are rather sensitive issues.

**Knowledge sharing** was measured using the scales developed by Van den Hooff, Vijvers & de Ridder (2003) and Lee, Lee & Kang (2005). It was more difficult to find "famous" or "popular" scales for knowledge sharing, as this field of research is considerably younger than e.g. the field of commitment, turnover or job satisfaction. The scale developed by Van den Hooff et al. (2003) was used by the authors in connection with organisational commitment, and appeared suitable for this research as well. This scale showed good reliability ( $\alpha=0.832$ ). On the other hand, Lee et al's scale (2005) measured slightly different aspects and was easily modified to better fit the M&A context. Thus, this scale was added to obtain a better understanding of knowledge sharing. However, the validity of this scale was slightly poorer, although satisfactory ( $\alpha=0.765$ ). Together these scales achieved only a satisfactory validity ( $\alpha=0.773$ ).

In addition to the above mentioned variables, the questionnaire comprised 30 items that were related to **acquisitions**. The author included 18 items concerning communication, integration, human resource, strategic motives and management related issues. The author did not find appropriate scales and thus

designed the scale for the pilot study. This scale showed only satisfactory validity ( $\alpha=0.696$ ). These additional variables were not included in the questionnaire of the longitudinal case study on the Indian-European acquisition. In addition to these 18 items, the 12 item scale developed by Cording (2004) concerning the level of integration was included. This scale captured the level of integration very well by differentiating which units within the organisation had been integrated according to the respondent. However, this scale also demonstrated only satisfactory validity ( $\alpha=0.680$ ). The author also included questions related to **culture**, which were divided into organisational and national culture (e.g. Lees 2003; Teerikangas 2006). The national culture was operationalised with eight items, and this scale showed satisfactory validity ( $\alpha=0.749$ ), while organisational culture was operationalised with 12 items. This scale had only satisfactory validity ( $\alpha=0.655$ ). Accordingly, these additional variables were not included in the questionnaire of the longitudinal case study on the Indian-European acquisition.

The full questionnaire comprised 13 variables and altogether 168 items. When adding the scales measuring organisational commitment and identification towards the acquirer the questionnaire had altogether 210 items. The gathered quantitative data were transformed into summated variables. The summated variables were analysed by the means of basic descriptive statistics, and through Pearson's correlation. However, the small sample size set limitations on the statistical analyses, e.g. factor analyses. The major limitations of this study were related to the fact that data were collected in one single organisation and to the small sample size. In general, when dealing with samples consisting of less than 50 observations, findings should always be interpreted cautiously (Hair et al. 2006, 112–113). Nevertheless, the researchers acknowledged this problem and merely explorative research methods were employed and the results have been interpreted with caution.

The results of the pilot study implied that work and career commitment are linked to organisational commitment, and organisational commitment towards the acquired target company is positively linked to organisational commitment towards the acquiring company (cf. Raukko & Häkkinen 2006). Moreover, due to the cross-sectional nature of this study it was difficult to analyse whether the fact that two years had passed since the acquisition took place had had any impact with regard to the research questions. However, from the researcher's point of view *the most important findings were related to the technical and methodological issues of the pilot study*. First, the questionnaire proved to be too long, which can be seen in the mediocre response rate and increase in missing data towards the end of the questionnaire. Second, the delivering and returning of the questionnaire worked well, although it became

clear to the researcher that in order to conduct a panel research the full anonymity of the respondents would not work, and some coding was needed to form a longitudinal panel. Consequently, although this study has limited generalisability, the pilot study was very useful for stimulating ideas, theory, and the research design to be conducted with the actual case study. The questionnaire was modified based on the results of the pilot study. Moreover, it was apparent that there were too many variables, thus the theoretical framework was simplified to the core focus of this research, i.e. key persons' organisational commitment in cross-border acquisitions. The following chapters will describe the quantitative research process in the case study.

### 3.3.2.2 The measurements and data collection

The questionnaire for the longitudinal case study was designed based on a wide review of the relevant literature, the theoretical framework (see chapter 2) and the pilot study, which was conducted in autumn 2005. The majority of the scales were borrowed from well known and established scales in academic literature. Based on experience gained from the pilot study the questionnaire was shortened. The final questionnaire comprised about 10 variables and slightly over 100 items. The questionnaire also comprised four core variables, namely *organisational commitment*, *organisational identification*, *career and job commitment* (Porter et al. 1974; Mowday et al. 1979; Mael & Ashforth 1992; Blau 1985; Kanungo 1982).

Organisational commitment and organisational identification were measured with respect to the acquired target organisation and the acquiring parent organisation, except in the round conducted in December 2007 when it was decided to shorten the questionnaire and add a few new variables based on the interview data. This research focuses on *attitudinal commitment*, and more specifically on *affective commitment*. As it has been argued that the affective attachment approach is probably best represented by the work of Porter et al. (1974) (cf. Allen & Meyer 1990, 2), it was decided to measure organisational commitment using the 15-item OCQ of Mowday et al. (1979). Organisational identification was measured using the 6-item scale of Mael & Ashforth (1982). This scale captures rather well the conceptualisation of organisational identification and has been recommended by other researchers (e.g. Riketta 2005); this measure is based on a narrow definition of organisational identification and has thus less item overlap with the organisational commitment questionnaire (Mowday et al. 1979) (Meyer, Becker & Van Dick 2006, 678). Job and career commitment were measured using the same scales used in the pilot study.

This set of four variables remained constant in all four questionnaires, while some variables were dropped and others were added. The main reasons for this change were low reliability and new themes emerging in the interviews. The variables added on the third and fourth round were *role ambiguity*, *interaction justice and acculturative stress* (Rizzo, House & Lirtzman 1970; Moorman 1991; Very et al. 1996). These themes became to emerge in the interviews as the integration process progressed. Scales measuring *job satisfaction* and *turnover intentions* were added only in the second round, but scales related to integration and culture were removed due to their poor reliability (those scales were designed by the researcher for the pilot study). A scale measuring attitudes related to the company's new name Gamma Europe was also designed by the researcher and used only in the questionnaire in round 2 in order to find out the employees' immediate reactions to the change to the name Gamma Europe. *Alternative job opportunity* was measured during rounds one, three and four, despite its low reliability. However, the low reliability can be explained by the small amount of items (cf. Kline 2005, 35). See Appendix 2 for the variables and scales used in this research as well as their reliabilities, and Appendix 3 to Appendix 5 for the complete scales for each variable. Appendix 3 demonstrates the first questionnaire in its entirety, while Appendix 4 to Appendix 6 illustrates only the changes to the first questionnaires, i.e. the motivation letter and the new scales.

It should be noted that although the amount of variables and items had dropped considerably from the pilot study, the focus of the questionnaires in the actual case study was larger than the focus of this dissertation. Thus, it was decided, based on the experience of the pilot study, to focus on variables related to organisational commitment used in commitment and turnover models (e.g. Mowday et al. 1982; Meyer & Allen 1997; Price 2000). In addition, the questionnaire comprised about 20 demographic questions during each round. Open ended questions were also included in the questionnaire to allow respondents to vindicate their responses. Although the downside of open ended questions is that they are very time consuming from both the researcher's and the respondent's point of view, it proved to be a good means of giving feedback to the researcher for those who wanted to give additional comment on the themes or the research in general (cf. Heikkilä 1998, 49–50; Kline 2005, 50).

The questionnaire was designed in both the acquired company's mother tongue and English. Since the most of the scales are originally in English, the scales were translated by professional translators. Nevertheless the focus was on making the translation as fluent as possible taking into account the respondents, which were in the case typically male engineers aged between 25 and 40 years. Following the original scales, the scale used was the seven point

Likert type<sup>18</sup> scale, ranging from “1 = strongly disagree” to “7 = strongly agree” (e.g. Porter et al. 1974). It is common to use Likert type scales when measuring attitudes (Heikkilä 1998, 53; Metsämuuronen 2002, 17; Kline 2005, 63; Metsämuuronen 2006, 62–63).

The questionnaire always started with a motivation letter encouraging respondents to participate in the research. Before the questionnaire was administered the CEO or the HR assistant sent out an email to the entire personnel to tell them or remind them of the research project as well as encourage and motivate them to participate to the survey. The motivation letter also comprised some advice and notes related to the filling in of the electronic questionnaire (see motivation letters in Appendix 3 to Appendix 6). The actual questionnaire started with questions regarding their demographic information such as age, sex and education as well as other questions, such as previous acquisition experience, organisational tenure, current organisation (the acquiring company comprised three organisations in different locations), and position in the organisation. The demographical questions were partially derived from case specific factors, such as the organisational chart, and literature on the antecedents of organisational commitment (cf. Mowday et al. 1982; Mathieu & Zajac 1990; Meyer & Allen 1997; Meyer et al. 2002).

The structure of the questionnaires was carefully designed starting with the most important variables, i.e. commitment variables, and then other variables such as organisational identification, psychological contract etc. Variables related to the target company were placed at the beginning, while the questionnaire ended with variables related to the acquiring company. The questionnaire also always ended with the same scales related to organisational commitment and identification. The organisational commitment questionnaire had to be slightly modified to measure adequately commitment towards the acquirer, i.e. the Indian parent company. Consequently, item ten ‘*I am extremely glad that I chose this organisation to work for over others I was considering at the time I joined*’ and item 15 ‘*Deciding to work for this organisation was a definite mistake on my part*’ were removed, as the respondents of the target organisation had not chosen or decided, as such, to work for the acquiring company when they were acquired (cf. Porter et al. 1974; Mowday et al. 1979). The main reasons for this were to place similar scales far enough apart from each other and based on the first interviews it was acknowledged that employees at lower levels of the organisation with little or no contact with the parent company would find it difficult to answer items

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<sup>18</sup> Likert, R. (1932) *A technique for the measurement of attitudes*. Archives of Psychology, Series A, No. 140.

related to the parent company. Thus it was felt best to place these towards the end of the questionnaires.

It has been suggested that sensitive items should be placed in the middle of a questionnaire and that items should be placed randomly in a questionnaire (Metsämuuronen 2002, 21). Sensitive questions regarding e.g. turnover intentions were placed in the middle of the questionnaire. However, some argue that in a good questionnaire questions proceed in a logical order, are numbered and items related to the same theme are grouped together (cf. Heikkilä 1998, 48). Consequently, to make the questionnaire more respondent friendly items were presented in a logical order moving from target related items to acquirer related questions, and items were grouped by variables that followed the structure of the original scales. See the structure of the questionnaire in Appendix 3.

The questionnaire was designed and delivered through an electronic internet based questionnaire program called *Webropol*. The electronic questionnaire was chosen for three main reasons. First, it was recommended by the CEO of the target company (the employees were mainly engineers who much rather surfed on the computer than filled out paper forms). Secondly, it made the data collection faster, as the data were available in excel format, which enabled an easy transfer to SPSS. Thirdly, it permitted a reliable and easy way to keep track of the panel data (cf. Heikkilä 1998, 69–70). The electronic questionnaire was pre-tested on a few colleagues before it was submitted in order to make sure it worked properly and didn't contain spelling mistakes or technical problems. See Appendix 3 to Appendix 6 for the structure of the electronic questionnaire.

The questionnaire was administered individually via email to 279 to 338 respondents. In other words, it was sent to the entire personnel of the acquired company, which increased during the research process by nearly 60 persons. Each questionnaire contained the email address of the respondent and time of submission of the questionnaire. This information was used only to send reminders to those who did not respond in the first wave. Moreover, the email addresses were used to identify the “key persons” and the panel respondents for later statistical analysis. However, in SPSS all were treated with case numbers and the results reported in such a manner that no individual was identifiable. Thus the identity of the respondents was carefully secured. The electronic questionnaire could have been a mere link to the questionnaire site, where respondents could have filled in the questionnaire anonymously. However, the use of emails was necessary to form the panel data afterwards, and it also enabled the verification of which respondents had answered the questionnaire. Thus, a reminder was sent only to those who had not responded in the first wave.



The first questionnaire was submitted from the 30th of November until the 20th of December. The second questionnaire round took place in April and May 2007 (23.4.2007 to 11.5.2007), the third one in December 2007 (4.12.2007 to 19.12.2007) and the fourth in June 2008 (5.6.2008 to 27.6.2008). Respondents who hadn't yet answered the questionnaire were sent a reminder closer to the deadline. The response rate varied between 48% and 58%, which was considered rather good considering the length of the questionnaire and the duration of the research process. It has been argued that researchers are happy if they get a 30% to 40% response rate (Ghuri & Grønhaug 2002, 20) (see table 2 below).

Table 2 Final sample and response rate per questionnaire round

<i>Questionnaires</i>	<i>Time</i>	<i>Total personnel</i>	<i>Final sample</i>	<i>Response rate</i>
Q1	December 2006	279	155	55 %
Q2	May 2007	308	180	58 %
Q3	December 2007	338	161	48 %
Q4	June 2008	355	175	49 %

The response rate decreased towards the end but remained stable. One reason might have been that some respondents used the questionnaire as a means of communications towards the top management in Gamma Europe and India. However, as the questionnaire did not bring about any changes, some respondents may have become frustrated or tired by filling in the relatively long questionnaire every six months. When comparing all respondents from different rounds, the distribution of respondents in terms of different organisations, i.e. former Alpha and Beta as well as distant sites, and positions remained stable over the four questionnaires. The distribution of the respondents was rather similar to the actual distribution of the personnel at the acquired European company. Around 85% of the respondents were men and the average age was around 31 years. This corresponds well with the average demographics of the entire population in the Alpha Group, i.e. Gamma Europe. As the amount of questionnaires in English was very small, i.e. around 10 questionnaires each round, it was decided to drop them from the final sample. The main reasons were the great disproportions between the two language groups, which would have rendered between group analyses (e.g. Mann-Whitney U tests) unreliable. Consequently, it would have been difficult to test e.g. whether there were any significant differences between respondents who answered the questionnaire in English or in the target company's mother tongue. Thus, cutting out the English language questionnaires made the final

sample cleaner and less ambiguous. The next chapter describes the data analysis more in depth.

### 3.3.2.3 The analysis

The analysis of the quantitative questionnaires was conducted each time right after the data collection and reported to the target company's contact persons within a couple of months of the data collection. The questionnaire data were ordered via Webropol in Excel format, in order to then transfer the data to SPSS for further analysis. Nevertheless, before the data were transferred to SPSS it was carefully analysed, verified and prepared for further analysis. Unnecessary data were omitted, such as qualitative responses (since these were analysed separately, not in SPSS) and data which could help identify the respondent (such as email addresses). To avoid missing data the questionnaire used a function reminding the respondent he/she had missed an item. Towards the end of a long questionnaire, as this one was, sometimes an increasing number of answers such as "4 = don't disagree or agree" or "0 = I don't know" occur, which indicates that the respondent became tired or bored. Respondents with a great amount of "4 = don't disagree or agree" and "0 = don't know" answers were checked. However, it was decided to keep these questionnaires as it would have hard to objectively judge in an attitudinal questionnaire whether the respondent had just become tired or bored with the questionnaire or replied honestly to the item.

Once the data were checked, they were transferred to SPSS. First, in SPSS *the case summaries and descriptive statistics* were analysed to check the number of valid responses per item, the response range per item (1 to 7) and the minimum and maximum values (0 to 7), the means, the standard deviation, the skewness and the kurtosis values (cf. Heikkilä 1998, 132–133; Kline 2005, 95; Metsämuuronen 2006, 509–512). This analysis revealed that when transferring the data from Webropol to Excel and from Excel to SPSS the programme had given the empty cells the value "0" and the "0 = don't know" answers the value "8". It has been suggested that when measuring attitudes and analysing means, the "8 = I don't know" codes should be defined as a missing value (Heikkilä 1998, 184–185). Consequently, before any analysis could take place, the values "0" and "8" were saved as missing values.

The descriptive statistics provided information at item level, which enabled the identification of those items that had been difficult (low response rate). Some variables had many outliers, but as this research explores attitudes, the deviant cases were regarded as part of the results. When the items were then computed to mean variables, the values were acceptable. In addition, factor

analysis showed strong communalities. The test of normality also indicated that the sum (mean) variables were not all normally distributed. Thus, it was decided to rely more on non-parametrical tests in order to avoid problems in analyses where normal distribution was required (Heikkilä 1998, 225).

It is common in social sciences, especially in attitudinal surveys, to use a Likert type scale as an interval scale and use mean values to give an overview of the variables measured. Consequently, it is assumed that the distance between the values is equal. (Heikkilä 1998, 81; Kline 2005, 64; Metsämuuronen 2006, 62–63.) This research followed this logic. The computed mean variables were easy to form as these were predetermined by using existing scales, e.g. the computed variable “organisational commitment” comprised the 15 items from the OCQ scale developed by Porter et al. (1974). However, factor analysis was used to analyse the construct of the variable. Unfortunately there were not enough respondents to analyse the constructs of the commitment concepts simultaneously. Factor analysis usually requires 300 respondents, and although some argue that 100 or 150 respondents are sufficient, there were not enough respondents (valid n. 133) to analyse over 20 items (Tabachnick & Fidell 2007, 613), as there should be at least 5 cases (respondents) per item (Metsämuuronen 2006, 619). Varimax rotation was used in the factor analysis, since this is common when measuring attitudes and the items are expected to correlate with each other (Metsämuuronen 2006, 620).

Once the researcher had assessed the reliability of the items and scales through factor analysis and scale reliability (i.e. Cronbach alpha), the reverse coded items were recoded and then recomputed into mean variables (Metsämuuronen 2006, 541–546; Wagner 2007, 11–15). The main tools of analysis compared means with the “Means” function, tested statistical significance ANOVA and measures of associations (ETA), T-tests, and Mann-Whitney U-tests. Moreover, in order to analyse correlations bivariate correlation, Spearman’s correlations were also analysed. Based on the correlation analysis, although e.g. organisational commitment to acquirer correlated highly with organisational commitment with acquired organisation, the values were below 0.90 implying there was no multicollinearity (see Appendix 13). The researcher mostly used non-parametric tests as most of the variables were not normally distributed and the measurement scale used was a Likert type scale which is considered to be an ordinal scale. (Heikkilä 1998, 225; 234.) Table 3 below provides a summary of the analyses used in this research.

Table 3 Analyses used at each questionnaire round

ANALYSES	LEVEL: ITEM/VARIABLE	E.G.
<b>Frequencies and explorative statistics</b>	item	Commitment to organisation, 15 items
<b>Normal distribution</b>	Item and sum variable	Commitment to organisation, 15 items and Computed variable ORGCOM
<b>Factor analysis</b>	Item	Scales separately, e.g. 15 items of org.commitment scale
<b>Cronbach alpha</b>	Item	Factor analysis for scale items, scale reliability
<b>Mean sum variable</b>	variable	Items were computed into a mean variable
<b>Comparing means</b>	computed mean variable	Org.commitment * org.position / Org.commitment key person * organisation
<b>NON-PARAMETRIC TEST</b>		
<b>Mann-Withney U-tests, 2 independent samples</b>	computed mean variable	Org.commitment * org.position / Org.commitment key person * organisation
<b>Spearman's correlation</b>	computed mean variable	Org.commitment * career commitment * job commitment * organisational identification

As the data were from one single company and the nature of the data was attitudinal, the analyses conducted were kept very basic. The data do not provide reliable opportunities for assessing causalities, but it does however enable the exploration of the relation between the various concepts. Moreover, the main purpose of this research was to analyse *how* key persons' organisational commitment develops following a cross-border acquisition. Consequently, the main purpose of the quantitative data was to measure the overall commitment at the organisational level and provide descriptive data over time. Moreover, it enabled the analyses of differences between employee groups e.g. key persons and the other employees.

*The panel analysis* was conducted by identifying the panel respondents, i.e. those who participated by answering the questionnaire in all four rounds. This was done afterwards, as each questionnaire round was initially a cross-sectional study, which was reported in the company. The final panel sample consisted of 65 respondents, which the researcher considered relatively good considering the length of both the questionnaire and research process, and statistical analysis (cf. Hair et al. 2006, 112). The research was also seen as important by the respondents. The panel may be referred to as *a person level dataset*, in which each person has one record and multiple variables contain the data from each measurement occasion (Singer & Willett 2003, 17). The four rounds of the panel study were considered to have produced discrete time

data. Consequently, the dataset contains four snapshots of each participant of the study (Taris 2000, 55–56). The analysing methods used for each separate cross-sectional survey were replicated in the panel dataset, and descriptive and non-parametric tests were used. Thus, the analysis was conducted following a *prospective panel design*, for which the data were collected from four distinct periods and was based on the same set of respondents and variables in each period. (cf. Menard 1991, 4.) For the descriptive statistics of the panel data see Appendix 7.

#### 3.3.2.4 Missing values

Missing values usually cause some level of problem regarding data analysis (Nummenmaa 2004, Metsämuuronen 2001). In this research, the questionnaire comprised, in addition to the seven scale Likert scale, an additional option, i.e. “0 = *don't know*”, which enabled a respondent to chose this alternative in case they really did not have an opinion regarding some item due to the fact that they did not know about that particular issue (see Kline 2005, 65). This was a valid alternative when asking about e.g. integration or cultural differences (in questionnaire 1 in December 2006), as it appeared that some respondents truly did not know about these issues. However, this resulted in a great number of non-responses, which created some dilemma regarding analysis.

In this research empty answers and “0 = I don't know” answers were treated as missing values. The majority of the missing values were “0 = I don't know”, which, from the research perspective, have to be treated as missing values, as they would otherwise affect e.g. the means too much (Heikkilä 1998, 184). Descriptive analyses revealed that the missing values were concentrated in particular parts of the questionnaire, i.e. variables such as integration and culture (both national and organisational) or acculturation. For these variables the rate of missing values at item level was at best over 50% and ranged from 20% to 55%. The missing values are more likely to result from the inadequacy of the questionnaire, than from poorly designed items. In other words, the integration process has only started and is not visible to all employees, thus the majority of the respondents simply did not know how much e.g. human resource functions had been integrated. Similarly, if the respondent had not really been in touch with representatives of acquiring company and had not been in India, the questions related to cultural differences were rather difficult to answer. This also emerged from the answers given to the open end question at the end of the questionnaire, where the respondents could give comments regarding the questionnaire itself and

during interviews. Some stated that this survey came too soon after the acquisition, but were glad that the survey would be repeated in the future.

Consequently, there might be several explanations for the high number of missing values. *First*, the questions may not have been that well formulated. The researcher had used qualified translators in order to ascertain the comprehensibility of the items, but sometimes the items may have remained difficult. *Second*, the respondents had not considered these issues or did not have the required knowledge, and thus were not able to relate to the questions. *Third*, the respondents just did not want to answer the question and felt, for example, that the question was too personal or sensitive and preferred to chose “0 = I don’t know” than to leave the item empty. However, in order to minimise the amount of totally empty answers the most important items and variables were designed in such a way that the respondent was compelled to give an answer. In this way, the respondent is forced to take a stand and the researcher was better able to analyse the results. Moreover, the “0 = I don’t know” alternative proved to be very important in this research, and was in many cases very informative compared to “4 = don’t disagree or agree” answers. This is because it often implied how much different employee groups knew about the acquisition, the integration and the parent company. In general, the best informed were the top and middle managers, while test engineers and software and hardware engineers were the least aware of issues related to the parent company.

### 3.3.2.5 The reliability and validity of the quantitative research

The research is successful only if it provides reliable and valid results. The reliability of the survey refers to its ability to produce non-random results, i.e. how accurate the results are (Heikkilä 1998, 31, 87). In survey research there are two kinds of error, random and measurement error. Random error refers to the unpredictable error that occurs in all research. It is primarily affected by sampling techniques (Litwin 1995, 5). In this research the random error was minimized by not using any sampling techniques but by sending the survey to all members of the acquired target organisation. The motivation and cover letters of the questionnaire gave technical advice related to the filling in of the questionnaire. These were modified during the research process, e.g. some Indian expat employees from the parent company answered the English version of the questionnaire, and as the focus was on the acquired target employees, the researcher added in the cover letter a note reminding respondents of the acquired company. Moreover, some acquired employees also used the English versions of the questionnaire. In order to increase the

validity of the data, the researcher urged these respondents to use the version in their mother tongue (see Appendix 3-6).

A problem that may occur in cross-sectional studies is *selective sampling*, which occurs when a sample is not representative of the general population from which that sample was drawn. For example, new employees may feel particularly indebted to or valued by their new employer, are very highly committed to the organisation, may more likely respond to a survey than other members of their group who are less committed to the organisation. In contrast, employees of comparison group of longer-serving employees who feel undervalued or dissatisfied and therefore less committed to the organisation may be more likely to respond to the survey, using the opportunity to complain about the organisation, than other employees of the group who remain committed to the organisation. Consequently, the developmental trend would appear to be from high to low commitment. (Beck & Wilson 2001, 263.) Although this research didn't use any sampling techniques, these problems were issues in this research as well.

In order to avoid problems related to the representativeness of the respondents, the distribution of the respondents was analysed at each questionnaire round. The results imply the distribution reflected the general distribution in the organisation. Based on the results, the panel data was rather similar than the cross-sectional sample of respondents both in terms of organisational position and tenure (see e.g. table 9 in Appendix 8). Moreover, the results of the panel data were compared to the organisational average of each questionnaire round in order to analyse whether the results of the panel data were biased (see e.g. figure 32 in chapter 4.2.3.1).

In this research, the results from the cross-sectional questionnaires comprising all respondents implied that there were statistically significant differences in the organisational commitment of respondents with different organisational tenure. Nevertheless, results from the panel data were not statistically significant. When controlling for tenure, correlations particularly between organisational identification, job and career commitment were only slightly stronger. Interestingly, in this case the respondents who had been in Alpha Group or Gamma Europe for less than three years and those who had been in the acquired organisation for over eight years were the most committed. This could imply that new employees are still enthusiastic and feel indebted to the organisation. On the other hand, employees with longer tenure may experience higher organisational commitment due to lack of alternatives. These issues need to be considered when analysing the results (see also table 10 and table 11 in Appendix 8).

Additionally, a limitation regarding the quantitative survey research is related to the retrospective panel design. Attrition was not analysed during the

process (cf. Menard 1991, 36–37). The panel was formed afterwards, and the size might have been larger if the researcher had separately motivated the respondents from the previous research rounds to participate in the next questionnaire. Instead the motivation and cover letters in the questionnaire were impersonal and targeted towards all the personnel in the organisation. The *selective attrition* may also confound the results of longitudinal studies. In this situation, original respondents are not all tested at later times. The loss of participants may be related to the fact that less committed workers may leave their employer. Thus, the study may incorporate only the more committed employees at later points in time, skewing the results towards a positive, but inaccurate view of developmental change in attitudes (Beck & Wilson 2001, 263.) Selective attrition was not a problem in the longitudinal analysis where the researcher had identified 65 respondents who had participated to all four questionnaires. The researcher is aware of respondent turnover during the research process, e.g. the mailing lists included email addresses of employees who had left the organisation. However, as data was collected real-time for nearly two years, the panel data may comprise a sample of the most active employees in the organisation. The open end responses also gave the impression that some respondents used the questionnaire as a mean to communicate to the top managers or otherwise express their frustration. Thus, the results of the quantitative studies should be analysed cautiously.

On the other hand, measurement error refers to how well or poorly a particular instrument performs in a given population, i.e. it reflects the precision or lack of precision of the survey instrument (Litwin 1995, 6). In this research the measurement error was minimized by using an established attitudinal scale, i.e. a Likert type scale, and by carefully designing and testing the questionnaire. Item level analysis showed that the distribution of some items was rather biased (skewness values were over 0.5). This means that some items could have been replied to with a yes or no answer, or that the item raised strong attitudes towards one item, i.e. the respondents were relatively unanimous in their answers to an item.

The reliability of the scales was also assessed through Cronbach alpha<sup>19</sup> analysis at item level and for the whole scale. Both factor analysis and Cronbach alpha values indicated that there was no reason to eliminate a single item, and that the questionnaire was reliable regarding commitment and identification scales. In general, the Cronbach alphas were very strong, well above  $\alpha > 0.70$ , which is considered to be the acceptable level (see Appendix 2) (Metsämuuronen 2001; Heikkilä 1998, 187).

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<sup>19</sup> Cronbach, L. J. – Meehl, P. E. (1951) Coefficient alpha and the internal structure of tests. *Psychometrika*, Vol. 16, 297–334.



*The validity* of the research refers to the adequacy of the questionnaire, i.e. how well it measures what it should measure), and the lack of systematic error (Litwin 1995, 33; Heikkilä 1998, 29). Validity can be divided into internal and external validity. Internal validity refers to whether the scale used measured the intended theoretical variables. (Heikkilä 1998, 186.) *Internal validity* has been ensured by relying on borrowed scales, which have been used and tested for several decades (cf. Porter et al. 1974; Mowday et al. 1979; 1982; Allen & Meyer 1990; Meyer & Allen 1997; Benkhoff 1997; Hartmann & Bambacas 2000; Cooper-Hakim & Viswesvaran 2005). Moreover, the items and the construct of the scales were assessed through factor analysis (using varimax rotation), except for the scales of psychological contract, alternative job opportunities, integration and cultural differences, which were either too short for factor analysis, or did not work as a scale because their Cronbach alpha value was too low and only worked for analysis at item level. Based on the results, the communalities in the rotated results were rather strong. Moreover, the Kaiser-Meyer-Olkin measure and Bartlett's Test of Sphericity implied that factor analysis was possible for commitment and identification scales (Metsämuuronen 2001, 24). On the other hand *external validity* refers to how other scholars interpret the research results (Heikkilä 1998, 186). This has been ascertained by carefully describing the research and data collection process.

In addition, the research may contain *systematic error*, e.g. respondents have been dishonest, have memory errors, or have embellished the results (Heikkilä 1998, 186). The effects of any systematic error were diminished by carefully preparing the questionnaire and the pilot study. Moreover, emphasis was laid also on questionnaire design (see Appendix 3–6) and the use of compelled answering, i.e. if the respondent accidentally skipped a question the respondent received a reminder and was not allowed to go on to the next page before replying to all compulsory items. However, it is very hard to evaluate afterwards how honestly the respondents replied to the questionnaire. Nevertheless, in order to identify inconsistency in the questionnaires the frequencies and outliers were analysed. When measuring attitudes and removing outliers (usually high or low scores) there is the danger of embellishing the results. Thus, these were acknowledged and left in the data (cf. Kline 2005, 89).

A brief summary of this chapter is that the researcher attempted to increase the reliability and validity of the survey research by various means. In addition, she did her best to analyse and report the results objectively and truthfully. The purpose of the research was clearly stated to the research subjects. Moreover, the research process was described in as much detail and as openly as possible to allow readers to evaluate the research. Finally, the

researcher has secured the identity and anonymity of the respondents. (cf. Heikkilä 1998, 30–31.) The following chapter describes the qualitative research process.

### 3.3.3 The qualitative study

#### 3.3.3.1 The qualitative interviews

Qualitative research is attractive as it provides rich, full and holistic data, but on the other hand it has its drawbacks in terms of labour intensity (Miles 1979, 590). Qualitative research remains a minority and marginalised approach within IB (Marschan-Piekkari & Welch 2004, 5). The main reason for using qualitative research approach should stem from the research problem and the purpose of the study (Ghauri & Grønhaug 2002, 87). Accordingly, based on the research setting and the main focus of this research it was decided to use qualitative research methods to explain *how* key persons' organisational commitment develops following a cross-border acquisition. In a qualitative research study the interest may lie in the characteristics of the language, the discovery of regularities, how texts and/or action are comprehended and reflection. Qualitative research consists of various types such as content analysis, discourse analysis, ethnography, phenomenography, case study, heuristic research etc. (Tesch 1990, 55–73.)

As the focus of this research is to understand the development of key persons' organisational commitment, it was necessary to collect qualitative data from the key persons. Interviewing has been defined as an interest in understanding the lived experience of other people and the meaning they make of the experience (Seidman 2006, 9). Thus the goal of a qualitative interview is to see the research topic from the perspective of the interviewee and to understand how and why he/she has this particular perspective (King 1994, 14). Interviews may allow a deep rapport to develop with the interviewees, which can be necessary to gain honest and accurate responses and discover insights that lay the groundwork for follow-up studies (Daniels & Cannice 2004, 187). Consequently, in order to understand how the respondents felt their commitment had evolved longitudinally and how the M&A had affected their commitment, interviews seemed to be the best approach.

Interviews are the most widely used qualitative method in organisational research (King 1994, 14). There are various types of interview such as depth, exploratory, semi-structured or unstructured (e.g. King 1994, 14), or structured, unstructured and semi-structured interviews (Ghauri & Grønhaug 2002, 100–101). Structured interviews refer to interviews which have an

emphasis on fixed response categories and systematic sampling, which are often combined with statistical methods. Unstructured interviews are the complete opposite; the respondents are given almost full liberty to discuss reactions, opinions and behaviour on a particular issue. On the other hand, semi-structured interviews refer to interviews, where the topics and issues to be covered, sample sizes, people to be interviewed and questions to be asked have been determined beforehand. (Ghuri & Grønhaug 2002, 100–101.) Due to the demanding longitudinal real time case study design, this research used a semi-structured approach.

The interview guide and questions were designed based on the research purpose and research problems (Ghuri & Grønhaug 2002, 102) and the theoretical framework (Daniels & Cannice 2004, 192). However, the interview guide placed a great deal of emphasis on case related questions, and the questionnaire was roughly divided into two parts; the first part was related to acquisition and case specific questions, while the second part focused on issues related to commitment. The interview questions were mostly open ended questions (cf. King 1994, 19–21). In one interview question, the interviewees' memorising and recalling process was aided by a figure illustrating the main phases of the integration process. The main purpose was to help the interviewees memorise events related to the post-acquisition phase. The interview guide helped to direct conversation and to stay on the subject (Daniel & Cannice 2004, 192). It was modified slightly for each round based on the answers gained from previous interviews or case related events and the phase of the post-acquisition integration. Moreover, during the interviews the researcher remained sensitive to respondent specific issues such as position, prior interviews etc. Consequently, the interview guide, although rather structured, was adapted to fit each interview situation (see the interview guide in Appendix 9).

Altogether 104 interviews were collected over a time period of one and a half years during 2007 and 2008. The interviewees represented a broad range of employees from different organisational levels and different locations. The interviewees were selected from among those people who were defined as key persons in the target company, Alpha Group. The CEO of Alpha Group provided a list of 17 employees whom he considered key, and thus relevant for the research. The acquiring company provided their list of the identified key persons. This list comprised 47 names, which represented nearly 20% of the total personnel at the time the research began. 13 out of the 17 key persons identified by the CEO of Alpha Group were also identified by Gamma India. As the list from the acquiring company came later, the research started with the 17 key persons identified by the target company. These key persons included the former owners of Alpha and Beta, or people who were otherwise

important in the Alpha Group. As a group they represented the core key persons of Alpha Group and provided a reasonable number for the qualitative research design. Consequently, these key persons formed the initial panel data of the qualitative research design.

The first interview round was conducted from January to March 2007 and included all 17 key persons and the Indian integration manager. In summer 2007 the CEO of the former Alpha Group, now Gamma Europe, and the Indian integration manager were interviewed in order to sum up the findings up to that point and conduct an interim meeting regarding the research process. The second interview round took place in autumn 2007. At that point it was decided to expand the qualitative research to not only key persons but other personnel representing different positions at all organisational levels and in all organisations, i.e. Alpha, Beta and distant sites. The interviewees were selected from the respondents to questionnaire 2. The main reasons for choosing this strategy were that these persons had shown an interest towards the research by participating in the survey and it provided a systematic way to select the interviewees. Within each of the employee groups (*tester, support, engineer, lead/senior engineer, project/engineering manager and directors*) four to eight interviewees were selected based on their level of commitment. Thus, employees with either very high or very low organisational commitment were selected. The main reason for this was to obtain differing views in the interviews. In addition, the snowball technique was used to select relevant interviews, e.g. two interviews were conducted with two former key persons of Alpha Group who had left the company during spring 2007 to form a spin-off company. The main purpose was to understand the reasons behind their voluntary turnover. Consequently, 47 interviews were conducted from September 2007 to January 2008. These interviews with other than key persons provided valuable information regarding the differences related to organisational commitment and other work attitudes, as well as the level of knowledge about the integration between key persons and other personnel. In addition, the researcher visited the headquarters of Gamma in India, and conducted ten interviews, which were conducted in English with top managers and the integration manager from the Indian parent company. The interviewees for the third interview round took place in May and June of 2008 and altogether 26 interviewees from the previous rounds were interviewed. Figure 12 below illustrates the number of interviews and interviewees per location in Gamma Europe, which results in 102 interviews, as the two interviews conducted in the spin off company doesn't show in this figure. (see also Appendix 10).

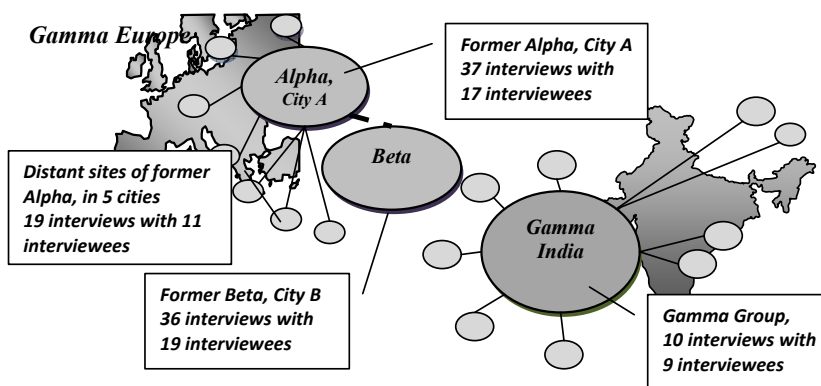


Figure 12 Interviews according to site and location

Consequently, in order to obtain a deeper understanding of the key persons' organisational commitment and the case in general, interviews were conducted in all locations with employees from all organisational levels. The longitudinal qualitative research design followed a *repeated cross-sectional panel design* (Menard 1991, 4). Hence, interviews were conducted in three waves, and represented discrete-time data (Taris 2000, 56). Accordingly, interviews are regarded as representing the attitudes and perspectives of the interviewee at that particular period in time. The final panel consisted of 11 key persons, who were interviewed three times, i.e. during each interview round. In addition, 15 interviewees were interviewed twice (see Appendix 10).

The researcher didn't have problems in persuading the respondents to the questionnaire to participate in the interviews (King 1994, 20–21; Daniels & Cannice 2004, 194–195). Interview data were collected mainly through face to face interviews. However, during the third interview round the researcher relied on phone interviews in order to reduce travel costs. (Daniels & Cannice 2004, 197.) At that stage of the research, the researcher had interviewed these interviewees either once or twice previously, thus the interviewee and the researcher had met already and knew each other. Consequently, the phone interviews were as relaxed as if they were face to face. Technical problems were encountered with one interviewee, with whom the phone interview was cut off three times due to network problems. However, although the interview rapidly found its flow again, audibility was sometimes low. The face to face interviews usually took place at the office of the interviewee.

The challenges related to interview research are related to the amount of data. The researcher has to keep in mind the previous interviewee responses while simultaneously asking questions with the current interviewee, and has to remain vigilant and aware of the significance of what is left unsaid as well as what is said (Leonard-Barton 1990, 263). All the interviews were tape

recorded with the consent of the interviewees. In addition, the interviewee made notes during and after each interview on either the content, key themes, issues or observations on the social atmosphere, personal interaction etc. (Kvale 1996, 160–161). It is possible that the tape recording may also have affected the way the interviewees answered the questions (Ghuri & Grønhaug 2002, 103). However, in general, interviewees seemed to forget about the recorder relatively quickly. Moreover, the researcher did her best to create a relaxed and confidential atmosphere where the interviewee would feel at ease (cf. Daniels & Cannice 2004, 198). Nevertheless, a few interviewees either mentioned that they talked now off the record or explicitly sent greetings to the top managers.

In order to avoid ambiguity and misinterpretation the interviews were mainly conducted in the mother tongue of both the interviewee and the interviewer. Consequently, all interviews except one in Gamma Europe, the target organisation were conducted in the official language of the acquired organisation. One interview at a distant site of Gamma Europe and the interviews in India were conducted in English. Although these interviews proceeded smoothly, they required more from the interviewer in terms of e.g. understanding the English dialect (cf. Welch, Marschan-Piekkari, Penttinen & Tahvanainen 2002; Marschan-Piekkari & Reis 2004). The interviewer didn't encounter difficult interviewees but did meet both uncommunicative and over-communicative interviewees. Accordingly, the shortest interviews lasted around half an hour while the longest interview lasted nearly two hours (with the same interview guide). The researcher reserved, well in advance, between one and one and a half hours for the interviewees and time was controlled and respected, unless the interviewee explicitly said they were in no hurry (see Ghauri & Grønhaug 2002, 107). The reasons for an uncommunicative interviewee can lie in a defensive attitude towards the topic being discussed or to an interviewee feeling uncomfortable about the interview and hoping it is over quickly. Another reason may be that male engineers are not especially talkative in general. However, the interviewer did her best in these situations to ease the atmosphere and ask more probing questions. The semi-structured interview guide proved to be very helpful when encountering reticent respondents. On the other hand the over-communicative interviewees were not considered a problem as the interviewee controlled the direction of the interview. The interviews were usually prolonged due to the willingness of the interviewee to give case specific background information. (King 1994, 22–23.)

Moreover, the interviewer didn't encounter problems related to high status or elite interviewees (e.g. King 1994; Welch et al. 2002). The interviewer set the relationship with top managers at the appropriate level. However, the top managers of Gamma Group were relatively relaxed and no problem of power

asymmetry was met in Gamma Europe. In Gamma India, in order to overcome issues related to power asymmetry at the access stage, the HR director of Gamma Europe contacted the potential interviewees beforehand. No problems related to elite interviewing were met in the actual interviews (Welch et al. 2002, 615).

In addition to interview data, photos of the various offices and locations, observations and annual reports were also collected. Moreover, the researcher kept a case diary based on her observations during the interviews at different locations. The main purpose of this additional data was to provide support for the main data and help the researcher to remember key issues (Kvale 1996, 161–162). As the data collection process took nearly two years, it was important to have various types of recorded observations from the numerous visits to various offices and locations. The next chapter will describe the qualitative interview data analysis in more depth.

### 3.3.3.2 The data analysis

The data analysis started by transcribing the interviews in written format. Due to the large amount of interviews the interviews were transcribed verbatim by an agency. The verbatim transcription was chosen in order to enhance transcript reliability and to keep the transcriptions as truthful representations of the interviews as was possible. (Kvale 1996, 163–165.) The transcriptions used time markings in order to help the researcher to find the spot in the recording and, if necessary, to check the original tape. The transcription of all 104 interviews resulted in 1362 pages of text (see Appendix 10). It has been argued that it is easy to forget that in open, nondirective interviews the interviewee tells a story, or several stories to the researcher, and the transcript may take the form of a narrative text. Thus, a narrative approach to the interview analysis may prevent the researcher from becoming lost in abundant data. (Kvale 1996, 184.) However, the semi-structured interview approach made it more sensible to analyse the large amount of interview transcripts according to themes.

To facilitate the analysis of this extensive interview dataset, the researcher used software called Nvivo7. This computer tool replaced the time demanding cut and paste approach to the analysis of transcriptions with “electronic scissors”. (Kvale 1996, 173.) Nvivo provided the means to manage and handle the large amount of interview data without influencing the actual analysis and interpretative work of the researcher. Coded text includes references to the exact location of the text that has been coded and leaves the source intact. (Bazeley 2007, 83.) It has been argued that one of the drawbacks and potential

pitfalls in the use of computers is the danger that the researcher designs their studies and analysis techniques on the basis of the program that they happen to have (King 1994, 33). However, in this research Nvivo was used to simply code and organise the interview data. Thus the computer program helped to manage and handle the data. Nevertheless, actual analysis was conducted using Word or Excel.

According to Miles & Huberman (1994), data analysis consists of three concurrent flows of activity, namely data reduction, data display and conclusion drawing. *Data reduction* refers to the process of selecting, focusing, simplifying, abstracting and transforming the data. Data reduction may occur in various ways such as writing summaries, coding, making clusters etc. (Miles & Huberman 1994, 10.) In this research, the data were first coded. This coding process began by choosing an interview, which was particularly rich. The main idea was to maximize the potential for variety in concepts and to check whether the hierarchical coding tree included the most important codes. (c.f. Bazeley 2007, 61.) As the theoretical background and the research questions were rather straightforward, the coding proceeded from the start with tree nodes, which is a hierarchical, branching structure of codes (Bazeley 2007, 83). The hierarchical coding tree began with four rough categories; acquisitions, India, organisation and work attitudes. These were then subdivided into theoretically interesting subcategories. Consequently, they were an initial a priori list of codes based on the theoretical framework (cf. Bazeley 2007, 67). Naturally codes were also emerging from the data inductively (Bazeley 2007, 85). Such codes were e.g. *stakeholders, integration manager, media, entrepreneur, IT industry, HR, synergy, goal*. In order to keep the text as whole as possible, interesting passages in the text were coded together with their context, i.e. they were coded according to which question the text was related to and which additional questions followed. This was done to keep the coded text as accurate as possible (cf. Bazeley 2007, 73). (In addition, see the coding list and statistics in Appendix 11).

Initially the coding provided a tool for gathering data related to a general theme e.g. organisational commitment. Consequently, each interview was carefully read, and multiple codes were used to capture the different aspects of a single answer (cf. Bazeley 2007, 71–73). Coding was finalised for each interview by using the text search function “find” on key codes such as commitment, key person and integration. That was done to ensure that the coding was not guided too much by the initial interview structure (Bazeley 2007, 91). Auto-coding was not used, as the interview seldom stuck closely to the topics. Moreover, coding manually forces the researcher to read through the interviews while coding, and thus remain more alert to emerging new themes. However, the text search enabled the double checking of the text in



the case e.g. the issue of commitment often came up in discussions where the emphasis was heavily on e.g. organisational change but which might have been coded then as only being about organisational change. Further analysis was conducted within the data coded to discover further critical issues.

Nvivo and coding helped the researcher to organise the over thousand pages of transcription into meaningful themes and categories. In addition to the coding of the data, the researcher had added attributes to the interviewees such as position, organisation and interview round to help further organise the data based on, for example, the interview round, location or key person compared to other personnel. This was conducted by using the queries function in Nvivo (Bazeley 2007, 180). Consequently, the data were coded according to themes like organisational commitment, and were then further categorised by interview round i.e. round 1, round 2 and round 3. In this way the data were divided into smaller parts and became easier to analyse.

The data analysis proceeded then to written summaries (Miles & Huberman 1994, 10). The form of approach used to analyse the interview data was *meaning condensation*. This entailed the shortening of the meanings expressed by the interviewees into more succinct formulations, i.e. long statements were compressed into briefer statements. Hence, meaning condensation involves the reduction of large interview texts into briefer, more condensed formulations. (Kvale 1996, 192.) This was necessary to reduce the abundant data and to make sense of the key issues. For example the key concept of organisational commitment comprised 169 pages after the coding and organising process. This in turn was reduced by use of the meaning condensation approach into 52 pages, in which the meanings were organised based on the position and location of the organisation (e.g. City A/Director). This was then further condensed into tables in Word or Excel where key issues were identified. Consequently, the data were reduced in three phases instead of two (cf. Kvale 1996, 195). Nevertheless, the researcher attempted to remain as truthful as possible to the original source. For example, in the tables the first name of the interviewee was kept to help the researcher memorise the interview. This approach provided a means which entailed fidelity to the phenomena, and the expressing of the situation from the viewpoint of the subject and the search for meaning (Kvale 1996, 196). This process then led to *data display*, which refers to an organised and compressed assembly of information that allows a researcher to draw conclusions. Finally, the reduced data display enabled the researcher to look for patterns and make comparisons between e.g. key persons and other personnel.

The final process was to *draw the conclusions* (Miles & Huberman 1994, 11). The longitudinal analysis was conducted by comparing themes and attitudes from one interview round to another. This was done by comparing

the condensed data in tables next to each other and by reading the sequential interviews. Thus, the longitudinal analysis was not as straightforward as it was for the quantitative data, and the researcher was more concerned about which themes emerged at each interview round than how comparable the data were from one interview wave to the other. Naturally, the semi-structured interview guide enhanced the comparability of themes. This can also be viewed as a limitation because a totally unstructured interview approach would have been more suitable for identifying what the interviewees considered important at different stages of the post-acquisition integration phase. Nevertheless, the main objective was to analyse and explain how key persons' organisational commitment develops following an M&A and how the acquisition affects organisational commitment, so a semi-structured approach was considered necessary to help aid the focus of the research during the data collection process.

In sum, the process of analysis was a very long and laborious process, despite the computer aided coding. However, the qualitative interviews provided rich and deep data, which complemented the quantitative data. The results were *verified* at the end of the research process by delivering the report to the CEO of Gamma Europe and by a meeting in which the results were debriefed and discussed (Miles & Huberman 1994, 11). The following chapter will assess the trustworthiness of the qualitative research.

### 3.3.3.3 The trustworthiness of the qualitative research

Similarly to quantitative research, qualitative research is good only if it can provide truthful results. Trustworthiness refers to the ability of the researcher to persuade her audience of the findings. Conventionally, following the quantitative paradigm, the trustworthiness of a piece of research can be established through its internal validity, external validity and objectivity. However it has been argued that qualitative research cannot be judged based on criteria set for quantitative research. Instead, qualitative research should be evaluated based on four criteria; credibility, transferability, dependability and confirmability (Lincoln & Cuba 1985, 290–301).

*Credibility* refers to the carrying out of the research in such a way that the probability that the findings will be found to be credible is enhanced, and also to the demonstration of the credibility of the findings by having them approved by the constructors of the multiple realities being studied (Lincoln & Cuba 1985, 296). Credibility was enhanced in this research by prolonged engagement with the acquired organisation (Lincoln & Cuba 1985, 301–302). The interview data were collected in three waves over one and a half years.

However, it has been argued that in a real time longitudinal study, the researcher is in a danger of losing objectivity by becoming too involved with the organisation, the people and the process (Leonard-Barton 1990, 256). In this research the researcher was involved with the company only with regard to the issues of the research. Nevertheless, the researcher interacted with the acquired organisation every 3 or 4 months through either survey or interview research. The researcher therefore acknowledged that she became sometimes too sensitive to the changes in the organisational life of Gamma Europe, e.g. key person turnover, the shutting of sites etc.

However, a deep rapport with the respondents may be necessary in order to gain honest and accurate responses and to add insights that lay the groundwork for follow-up studies (Daniels & Cannice 2004, 187). In this research the longitudinal research approach increased its credibility by building trust during the three interview rounds (and the repeated surveys). The researcher was able over time to show that their replies would not be used against them and that pledges of anonymity were honoured. Some interviewees admitted during interviews that at first they were not sure what the surveys were about and were suspicious of the electronic survey. However, meeting the researcher face to face during the interview changed their attitude towards the research project as they got a better understanding of the entire project from the researcher. In addition, the wide interview strategy, in which interviewees from different organisational levels and different locations were interviewed, helped to control for respondent distortions. It is hard to tell whether an interviewee lies, but the numerous interviews enabled the researcher to check issues or gain more information on some events or themes. (cf. Lincoln & Cuba 1985, 302–303.)

Additionally, the credibility of this research has been increased by member checks. The researcher handed in a written report and summary at the end of the research project at the end of May 2009 to the CEO of Gamma Europe. The results were debriefed and discussed in a meeting in June 2009, where the researcher verified some facts and the adequacy of the results. The CEO was very pleased with the research process and confirmed that the results were an adequate representation of the case. Moreover, he thought the findings were interesting and useful, and asked the researcher to come to debrief the results in autumn 2009 at the meeting of the Board of Directors. Furthermore, the interviews provided a useful means for checking the results of the prior surveys and for asking the interviewees to reflect on the results (see Appendix 9 interview questions 84–89). Finally, credibility was also enhanced by saving the raw data in case they are to be tested for adequacy in the future. (cf. Lincoln & Cuba 1985, 313–314.)

*Transferability* refers to the transferability of the abstracted working hypotheses. Transferability is evaluated by others and the researcher can only do her best in, hopefully, providing a rich description that enables someone interested in making a transfer reach a conclusion about whether such a transfer is possible. (Lincoln & Cuba 1985, 296–298; 316.) In this research the researcher has done her best to accurately describe in a detailed and honest manner the entire research process and challenges related to it. A case study is typically a detailed examination of a single case (e.g. Flyvbjerg 2006), thus the conclusions are more easily transferable to the similar cases, where a small and medium sized high-tech company is acquired by a bigger foreign company. This case also represents a rather typical foreign acquisition by Indian firms, where Indian companies are motivated by acquiring complementary competencies and acknowledge the importance of local knowledge (cf. Kumar 2009, 45–47). However, it is important to notice to not all M&As are alike, as each M&A results from various motives. Consequently, the results of this research are more easily transferable to acquisitions with similar context and motives as the case represented in this research.

*Dependability* refers to taking into account both the factors of instability and the factors of phenomenal or design induced change. Basically, there cannot be validity without reliability, and a demonstration of the former is sufficient to establish the latter. Accordingly, as the researcher has demonstrated above how the credibility and transferability of the research findings have been enhanced these should, in turn, enhance the dependability of the research. (Lincoln & Cuba 1985, 299; 316.)

*Confirmability* refers to a qualitative definition of objectivity and is related to the characteristics of the data. A major technique for establishing the confirmability of the research is the confirmability audit. In this research the researcher has enhanced the confirmability by providing an audit trail of the research process in the methodology chapter and appendices, which contains the instruments used in this research and materials such as questionnaire statistics, interview coding lists and correlation tables. The researcher also kept a case study diary during the entire research process. Moreover, there has been an audit process during the research process as suggested by Lincoln and Cuba (1994, 325–327). Moreover, the researcher has actively reported research results to the academic community and obtained feedback in the form of conference paper and book chapter reviews (e.g. Raukko 2004; Raukko & Häkkinen 2006; Raukko 2009a; 2009b). (Lincoln & Cuba 1985, 318–319.)

In sum, the researcher has in many ways enhanced the trustworthiness of this research. The four criteria of credibility, transferability, dependability and confirmability have been met in order to generate confidence in the research.

It has been argued that credibility is a trustworthiness criterion that is satisfied when the source respondents agree to honour the reconstructions. In this case, the CEO of Gamma Europe was very pleased with the entire research project and the way it produced interesting and useful findings (Lincoln & Guba 1985, 328–329). The researcher leaves the academic community to decide on the transferability of the research findings. However, she has done her best to truthfully and honestly describe the entire research process in a detailed manner.

### 3.4 The quality of the research

This research adopted a complex longitudinal real time single case research strategy using a mixed method approach. Consequently, data were collected using both quantitative and qualitative research methods. Nevertheless, it has been argued that it is impossible to mix qualitative and quantitative methods due to the incompatibility of the paradigms that underlie the methods (Burrell & Morgan 1979, 25; Tashakkori & Teddlie 1998, 11). However, each type of method, if it is appropriately applied, can lead to potentially valid empirical and theoretical generalisations about the phenomenon under scrutiny (Brewer & Hunter 2006, 2). Accordingly, it has been argued that a mixed method strategy, when applied correctly, may offer benefits and is value added compared to more traditional approaches using a single research method (Hurmerinta-Peltomäki & Nummela 2006, 14). As stated earlier, in this research, the philosophical background of each research method employed was respected and each method was used to serve a specific, complementary purpose. The quantitative and qualitative research approaches as well as the reliability, validity and trustworthiness of the research processes have been discussed in chapter 3.3. This chapter analyses and discusses issues related to the longitudinal mixed method approach which may have affected the quality of the research.

It has been argued that *mixed methods* may result in different if not controversial results and mean that the results do not necessarily converge. In these situations it becomes a matter for the researcher's own judgement to analyse and evaluate the results based on the researcher's first-hand knowledge in the field. (Hurmerinta-Peltomäki & Nummela 2004, 175–176.) In this research the quantitative and qualitative data yielded different results; e.g. the quantitative results implied that job commitment is the lowest form of commitment compared to career and organisational commitment, although the interviews implied that employees might be very job committed but not that committed to a career or the organisation as such. There might be several

reasons for this. First, this might imply that the interviewees do indeed give socially acceptable answers during interviews, and are more honest when responding anonymously to questionnaires. This would mainly concern the issue of career commitment. Secondly, it has to be noted that qualitative and quantitative studies are not comparable, due to different conceptualisations and operationalisation. Consequently, it seems that the job involvement questionnaires do not capture job commitment as it was captured during the interviews. The job involvement scale may reflect workaholic qualities rather than job commitment (cf. Kanungo 1982).

Moreover, it has been argued that in a *real time longitudinal study*, the researcher is in a danger of losing objectivity by becoming too involved with the organisation, the people and the process (Leonard-Barton 1990, 256). However, a deep rapport with the respondents may be necessary to gain honest and accurate responses and for discovering insights that may lay the groundwork for follow-up studies (Daniels & Cannice 2004, 187). In this research the longitudinal approach enhanced the trust building between research subjects and the researcher, and in turn also increased the credibility and reliability of the research. However, it has been argued that a common pattern in longitudinal research designs seems to be for the respondents to be more aware and introspective about their attitudes, emotions and behaviour (cf. Menard 1991, 38–39). It is thus very possible that the intense research design made the respondents in this research more aware of their commitment attitudes due to repeated contact in the forms of surveys and interviews. Thus, the researcher slightly modified subsequent survey rounds and the interview guide in order to raise new issues (cf. Menard 1991, 39).

Additionally, it has been argued that an important shortcoming of a real time longitudinal research design is the overwhelming amount of data generated. It is often difficult to identify critical data in a real time longitudinal study, while the researcher is in the middle of the research process, and such a design requires disciplined data gathering. (Leonard-Barton 1990, 261.) In this research, the complex design required careful planning beforehand and much discipline and focus during the entire process. This was particularly true during each interview round when new issues and themes were emerging, or had obtained more emphasis and thus resulted in the researcher returning to the literature of the subject and re-evaluating the theoretical framework. Nevertheless, the researcher consciously left the theoretical framework open and kept the in-depth analysis of the interviews to the very end of the research process. Only the quantitative data were analysed right after each questionnaire round. This proved to be a good strategy, as it helped to analyse the entire data in context and put things into perspective.

Additionally, in such a research design the match between the researcher and methodology has to be considered (e.g. Leonard-Barton 1990, 263). In this research, the researcher was less experienced in quantitative research methods. Thus part of the planning process involved the preparation of the quantitative research design and the testing of the questionnaire and data analysis methods in a pilot study. This was also a good strategy for identifying the possible technical pitfalls related to the questionnaire administration and data analysis. In order to bring rigour to the research process, the whole data collection process was carefully planned beforehand and also evaluated and modified during the process. For example the motivation presented in the cover letters for the questionnaires was modified after each questionnaire round and interview questions were adjusted to the respondents' position and background.

The longitudinal research design is very challenging for many reasons. First, it requires the long term commitment and cooperation of an organisation, which may render finding a willing organisation, or CEO, harder. Second, the contact person of the research process may leave in the middle of the research process, which may threaten the whole project or hinder it if the new contact person is less committed to the project. Third, the company may encounter financial problems during the process, and a knock-on effect of that may be that outsiders are no longer welcome. Finally, the organisation may go bankrupt in the middle of the process leaving the researcher with incomplete data. (cf. Leonard-Barton 1990, 263.) Additionally, when using a real time data collection strategy, data are collected while the events, attitudes or activities are occurring, and the outcomes of these events, attitudes or activities can not be known (van de Ven 1992, 181). A researcher cannot influence these issues, but it may help to be at least mentally prepared for such challenges and be ready to consider e.g. the bankruptcy of an organisation as part of the phenomenon. In particular, in this real time longitudinal design during the post-acquisition integration phase at the target organisation, the researcher had to be prepared for top management turnover, divesture or even the closing down of the company. In this research, the CEO of the target organisation (Gamma Europe), who was also the initial contact person of the research, changed in the middle of the research process as he left the company in January 2008. In addition, the HR assistant, who had been of great help in the administration of the questionnaires, went on maternity leave in March 2008. However, as the researcher had good relations with the new CEO of Gamma Europe, there were no problems in finishing the project according to the initial plans.

Longitudinal research literature and mixed method literature are not seen as addressing ethical issues (cf. Goldstein 1979; Menard 1991; Brannen 1992;

Tashakkori & Teddlie 1998; 2003; Singer & Willett 2003; Creswell 2003). However, in business studies the importance of ethical issues and the responsibilities of the researchers continue to grow. Researchers have a moral responsibility to find answers and report their findings honestly and accurately. The researcher and research subject relationship is the most sensitive issue in the research process. In this research the longitudinal research setting obliged the researcher to identify respondents from the survey and interview analysis in order to analyse the development of organisational commitment. However, the research subjects were aware of the doctoral research, the longitudinal and repeated aspect of the research process, and the general research purpose. Moreover, their consent was asked for in all situations e.g. using the tape recorder. (Ghauri & Grønhaug 2002, 18–21.)

Nevertheless, the researcher did not explicitly mention the research was about key persons, as this was regarded as a delicate and sensitive issue. This was because; first, all key persons may not know they are considered “key” as such, which might have influenced their attitudes. Secondly, emphasising the role of key persons might not have been fair towards other personnel, and might have affected the way they answered the interview and survey questions. Consequently, the research was described as being focused on employee’ attitudes following the cross-border acquisition. (Ghauri & Grønhaug 2002, 19.)

The moral responsibility of the researcher deals with social guidelines and constraints upon research techniques and measurement (Ghauri & Grønhaug 2002, 20). This research was conducted with the consent of the companies involved in an Indian-European acquisition. However, the research was conducted with financial independence, as the researcher was employed during the entire research project at Turku School of Economics, and received several grants from various foundations that provide financial support to researchers. Moreover, the researcher did her best to describe the research process and findings adequately, honestly and truthfully. (Ghauri & Grønhaug 2002, 20–21.)

The single case study is often criticized for its limitation regarding generalisability, and thus multiple case studies are used in order to increase external validity (Miles & Huberman 1994; Yin 2003). However, the ability to learn from a particular case should be considered a strength rather than a weakness (Dubois & Gadde 2002, 554). The main goal of this research was to analyse and explain key persons’ organisational commitment within the selected acquired company. Consequently, in order to obtain a deeper understanding of the phenomenon, a single case study using a longitudinal and mixed method approach was employed, which provided a stronger analytical generalisation (Yin 2003).



## 4 KEY PERSONS' ORGANISATIONAL COMMITMENT IN AN INDIAN-EUROPEAN ACQUISITION

### 4.1 The Indian-European acquisition

#### 4.1.1 The acquisition motives and expectations of acquired company's personnel

The Gamma-Alpha acquisition took place in July 2006. This acquisition was a friendly deal that had with multiple motives. Based on the interviews, the main motives for the acquisition, from Alpha's perspective, were *to internationalise and grow*. The market was extremely competitive, and organic growth in the European market was becoming ever more difficult to attain. Moreover, Alpha was *extremely dependent on Omega*, which alone represented around 90% of their sales. Alpha didn't want to do anything to jeopardise the customer relationship, thus finding a suitable partner also from the customer point of view was important. The main customer (Omega) put pressure on its suppliers by requiring growth, a global footprint, the reduction of costs, as well as proximity centres especially in India and China. Omega was also diminishing its number of suppliers and emphasising bigger suppliers. Consequently, it was important for Alpha to internationalise and grow to meet these demands, but it became crucial *to also expand their customer base*. Gamma was chosen mainly for its reasonable size compared to Alpha and its similar values. It was important for the owners of Alpha to find an acquirer who shared similar ideas and values. It was also very important to ensure the future of the company, i.e. *the growth the business and future employment in Europe*. Figure 13 illustrates the motives of all the actors involved.

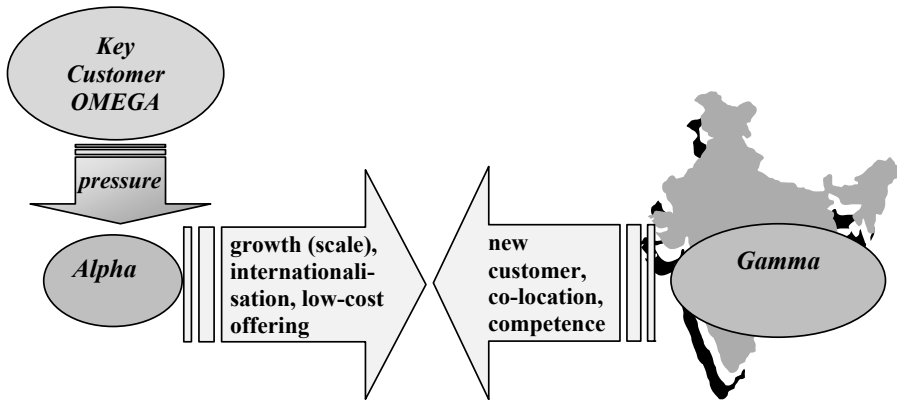


Figure 13 Different motives related to the Gamma-Alpha acquisition

On the other hand, Gamma has a *Three C Policy* for acquisitions: *customer, co-location* and *competence*. The Alpha deal fulfilled all three C's by providing co-location in Europe to their main customer Omega and new competences in both hardware and software engineering. Gamma's current vision, would mean the attainment of a one billion dollar turnover in next six or seven years. And acquiring Alpha brought new competences to Gamma enabling it to better serve customers and achieve this aim. Nevertheless, based on the interviews the main motive was to obtain Omega as their customer. Alpha Group, later Gamma Europe, became a business unit within Gamma with the mandate to do business with Omega. In addition, having a European presence was seen as important. According to the interviews, the parent company was satisfied as long as the business unit performed well enough.

Based on the interviews the personnel of Alpha Group had various wishes and expectations regarding the acquisition and the actual integration process, which demonstrated that the interviewees were well aware of the acquisition motives. The reasons behind the acquisition were well communicated. In general the interviewees wished that the acquisition would meet expectations regarding *growth, internationalisation, the obtaining of new customers, and the keeping the jobs in CityA, CityB and Europe*. However, the wishes and expectations regarding the integration process were more concrete and contained *common tools and processes and joint procedures and business models*. In addition, the interviewees had concerns regarding the level of integration, as not everything was possible to integrate, especially due to the *differences in national and organisational cultures*. Some hoped that *organisational changes* would enhance the achieving of business integration and would better help define Gamma Europe's role in Gamma. Additionally, it

was hoped that the organisational change would bring clarity with regard to positions, responsibilities and authority. Many of the expectations related to the integration process represented ways to achieve the overall expectations related to the acquisition.

In summary, this friendly deal consisted of multiple motives. Alpha was mainly looking for new customer and international expansion, as well as ways to better serve their current main customer by providing low cost possibilities. On the other hand, Alpha fulfilled, as such, the 3 C's of the M&A strategy of Gamma. However, these motives did not match as well as they could have. From Gamma's point of view, Alpha met their motives, however, Alpha needed to find solutions with regard to how to expand its customer portfolio and internationalise. Moreover, these results also demonstrate how the acquired organisation and personnel had specific expectations regarding the acquisition and the integration process. The next chapter will describe the integration process more in detail.

#### 4.1.2 The integration process

The acquisition took place in the end of July 2006. The acquisition was announced the same day to their employees via emails. As the acquisition took place during the peak holiday seasons in Europe, many employees were on holiday and unreachable, and thus some employees read the news from their local paper. Employee information meetings were arranged at CityA and CityB in August 2006. The Indian CEO and other top managers attended these information meetings and later on the quarterly company meetings. Around 10 integration teams were established for different functions such as marketing and sales, finance, HR etc.

The acquisition can be defined as *a friendly*, as it was undertaken with mutual agreement. Moreover, it was a *concentric acquisition*, as both companies operate in the same broad field of information technology, but their business activities are slightly different and complementary. Both companies are operating in the field of software engineering, but Alpha has also complementary expertise in the field of hardware engineering. The former owners of Alpha had expressed their wish for a slow and gentle integration approach. The parent company respected this wish and did their best to respect the local culture of their European subsidiary. In addition, Alpha had done very well until then, and the Indian parent company wanted to secure a successful business in Alpha.

Both companies experienced organisational changes around the acquisition time. Consequently, during autumn 2006 much emphasis was laid on the

internal development of each party. The major step in the task integration process was taken from March to April 2007 when the European organisations Alpha and Beta merged into *Gamma Europe*. The change of the name received great media attention in Europe and resulted in TV news and articles in national newspapers and financial journals. The change was, in general, well received by the employees, and although the change of the name was expected and did not come as a surprise, some were surprised that it took longer than they expected. The sales division together with employees working at the customer premises in the distant sites embraced the new joint identity of Gamma Europe, which rendered their work easier as they would no longer be managing multiple brands Beta and Alpha, and the new Gamma. However, some thought the country specification “Europe” in the name created confusion. From the main customer’s perspective Gamma Europe and Gamma remained separate, and added to the pressures of the sales division.

**The task integration** (cf. Birkinshaw et al. 2000) progressed at different speed in different functions. *The marketing and the sales functions* were integrated in early spring 2007 to the World Wide Sales organisation. However, the problematic areas from the beginning were *human resource management (HRM) and finance*. Some argued that Gamma tools should have been implemented immediately, because e.g. the company didn’t yet have a common CRM tool. Further problems were that some wanted more organised integration, while some argued that there was no need to integrate everything and doing too much would only bring problems. It was recognised that the early integration phase was a learning journey where both parties got to know each other, and many appreciated the softer approach. In fact, a few interviewees referred to the first six months of the integration phase as the “honeymoon period”.

A year on from the acquisition Gamma Europe was still viewed merely as a legal entity, which had to a great extent its own practices and organisation, which had remained to a large extent as it was. HRM and finance were still regarded as problematic and areas where integration hadn’t really proceeded. The integration phase in the *HRM function* was late and the HR department lacked resources. Cultural differences affected the level of standardisation of HRM practices. In addition, EU and European legislation influenced the harmonisation of HRM practices and policies, and put pressure on the extent to which HRM practices could be standardised or locally adapted. On the other hand, the integration in finance faced problems that were related to the consolidation of accounting principles. The integration was more controlled and India was clearly putting more pressure on the integration of *Finance and Accounting*. Gamma is a publicly listed company, and it had to meet the obligations of a listed company. The integration of the Finance Department

was experienced in Gamma Europe as the dictating of new practices and less as a process for searching for the best practices.

Another challenging area was the integration of *IT functions*, e.g. emails took long to change to “Gamma.com”, which some felt confusing in external communication with customers and other stakeholders. Nevertheless, integration in the sales and marketing division proceeded well and Gamma Europe took on responsibility for European Sales. In addition, quality management proceeded well and some of the principles of Gamma Europe were transferred to Gamma. Among other processes, investment approval changed, and employees from Gamma Europe now needed to seek approval from India regarding investment and procurement decisions. The organisational change in October 2007 was well received and viewed as integrating Gamma Europe better as a part of the operating unit of the parent company. According to one interviewee, much was taken from the European organisation. Some interviewees felt that the opportunities of the deal were only now becoming more apparent, and thought that the organisational change would accelerate and enhance growth.

Nearly two years on from the acquisition the integration process was revived. The integration of IT functions hadn’t processed much and faced the same unsolved problems. In addition, Gamma Europe and Gamma still had, to a large extent, different processes and practices and no or only a few tools had been integrated. Nevertheless, the European-Indian cooperation had finally started to realise results. However, many problems had also started to accentuate regarding management styles and organisational structure and positions. Furthermore, the integration still wasn’t very visible at lower levels of the organisation.

***Human resource integration*** (cf. Birkinshaw et al. 2000) and the cultural integration, i.e. ***acculturation*** (cf. Nahavandi & Malekzadeh 1988; Cartwright & Cooper 1993) proceeded slowly and based on the results, employees in Alpha and Beta felt uncertain about the future right after the announcement. Nevertheless, regular quarterly meetings, where Indian managers were present and where they held presentations, reassured the employees. The HRM integration was put on hold in December 2006 until the new HR director started work in Gamma Europe in February 2007. A major step was the launch of the “Engineering Exchange” programme in spring 2007. A dozen Indian Engineers arrived to work in CityB for 1.5 years in spring 2007 and to learn European ways of working in order to enhance the realisation of future multi-site projects. Later half a dozen of Indian Engineers arrived in to CityA during the summer of 2007. Additionally, several Indian managers came to Europe; in spring 2007 and an integration manager and a financial manager came to CityB, and in August 2008 an Indian manager came to CityB to finalise the

integration and to take charge of European Sales and Marketing. In autumn 2007 one European engineer went to Bangalore for six months. An ongoing development of a new banding system was put on hold during the integration process, and in autumn 2007 methods for determining how the existing banding system of Gamma could be modified for the needs of Gamma Europe were analysed.

Organisational cultures remained as they were, and internally Gamma Europe was long divided into “Alpha” and “Beta”. This resulted from the fact that the merger and integration of these two organisations was ongoing when the Gamma-Alpha M&A took place. Consequently, the harmonisation into one single Gamma Europe or “Gamma” took much longer to realise. Moreover, there was a general sense that the parent company was very India centred and not as global as Gamma Europe wished. As Gamma Europe was left rather independent the employees didn’t feel part of Gamma. Based on interviews in Gamma Europe there was a high level of cultural awareness. However, cultural differences became more obvious by spring 2007 and they evolved into cultural clashes as time went by and as cooperation and contacts increased. Differences in management styles and practices also became more evident, as did differences in doing business. Nevertheless, the Indian culture interested many interviewees, and elements from Indian culture such as food and cricket were introduced at employees’ events early on, and Indian music was introduced at the annual folklore music festival in CityA in the summer of 2007. This music festival was also a major customer event.

Other important phases in the integration process were the change of the CEO in October 2007. Some interviewees viewed this as the end of the integration process and the beginning of “real operational business”. Organisational changes also played an important part in the integration process. Nevertheless, as Alpha and Beta underwent a major organisational change just before the acquisition, the acquisition didn’t cause immediate changes. The first major organisational change took place in autumn 2007 and integrated Gamma Europe better with Gamma. The new organisation comprised the terminal business unit, the network business unit and the semiconductor business unit. Due to this organisational change the number of Indian superiors increased in Gamma Europe and a further organisational change was conducted in June 2008. Figure 14 illustrates the main phases of the integration process and the organisational changes at Gamma Europe during the years from 2006 to 2008.

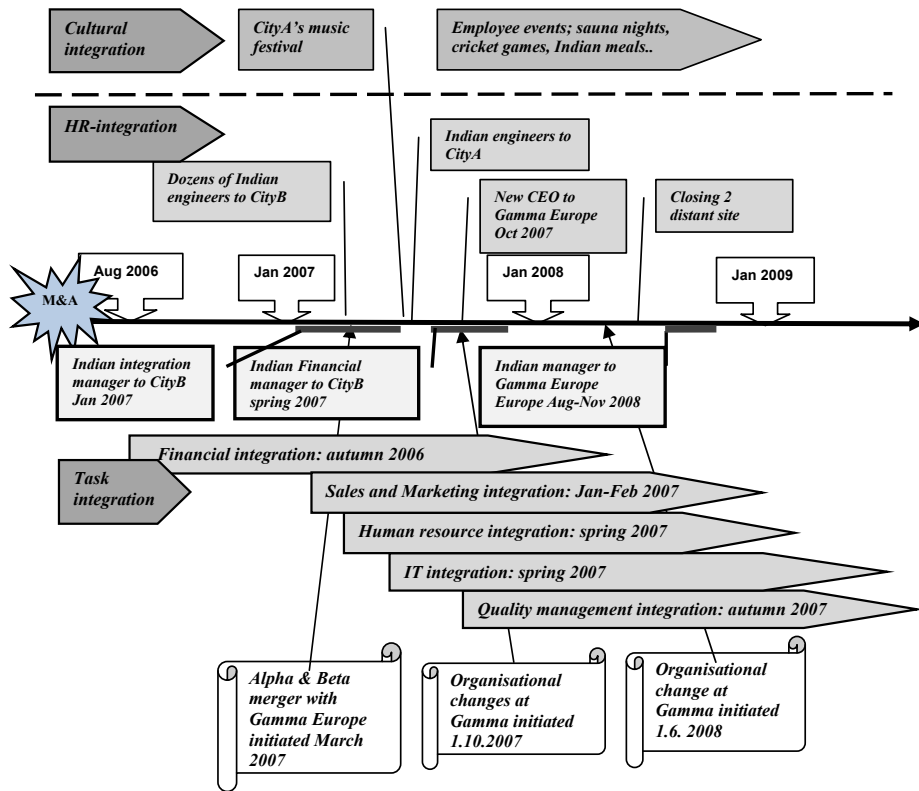


Figure 14 The integration levels and their major phases in Gamma Europe 2006–2008

In summary, the integration process proceeded at different speeds on different levels. All in all Alpha and Beta, later Gamma Europe, were left rather autonomous and independent with only a very low level of integration occurring. However, the pressures from the main customer of Gamma Europe and the pressures from the market would have required tighter and faster operational integration in order to enhance the business integration and the realisation of the expected synergies. However, the business integration did increase the competitiveness of the entire Gamma Group. As many interviewees stated; human resource and cultural integration followed operational integration. Many also viewed cooperation with their Indian colleagues as being exciting. Obviously though, cultural differences had already resulted in cultural clashes, but the level of cultural awareness was very high in Gamma Europe, which rendered cooperation a little easier for future joint projects. The next chapter describes the challenges related to the integration process more in detail.

### 4.1.3 Integration challenges

Based on the interviews in the beginning the friendly nature of the acquisition was turned into enthusiasm for the deal. Top managers and key persons were looking forward to the positive outcomes of the acquisition. Nevertheless, the level of integration remained relatively low and the organisation underwent further restructuring and organisational changes in autumn 2007 and spring 2008. Achieving those intended synergies took much longer to realise. The most important *integration challenges* were encountered with regard to *different policies and practices and cultural differences*. Different policies and practices generally refer to different tools, organisational procedures and policies, processes, practices and systems in use. Initially the integration teams were supposed to look for the best practices. The HR, IT and Finance departments had the most difficulties. HR practices were affected mostly because a great deal of policies and practices have to comply with local legislation. The IT department faced challenges due to their different levels of technology e.g. much of the automated work in Europe was still done manually in India. Finally, Finance felt there was never any attempt made to look at their best practices, and that they had been mainly told to work the Indian way. The main challenge was the lack of understanding as to why things were being done as they were. In addition, a lack of common and global quality management was also mentioned during the interviews. Below are a few examples from interviews:

*...well, of course, there's the information systems that we use in financial management and HR... changing them... their compatibility is poor and changing them is a big process...In practice the most likely option would be to find a new common software/system for the whole corporation, globally...The current tools are very India-centred in India and very European-centred in Europe; there aren't any global tools that would suit this type of global organisation. (a Director, autumn 2007)*

*...still, especially, in Europe we operate very much according to our own systems...there are still too many different processes...we have separate processes for doing different things. (an Account Manager, summer 2008)*

The employees and managers received cultural training soon after the acquisition took place. In addition, some had travelled in Asia either for business or for pleasure. Nevertheless, despite the *relatively high cultural awareness at Gamma Europe*, dealing with the actual cultural differences was challenging. The cultural differences experienced were related to both national



and organisational culture. *National differences* refers to differences in society and infrastructure, mostly legal structures, understanding each other, the different ways of operating, and even ways of thinking in India and Europe. *Organisational differences* on the other hand refers to working style, work ethics, operating methods in general and the definition of roles and positions in the organisation. In Europe the positions were typically broader and contained more responsibilities. The cultural differences emerged in personal contact and were related to underlying issues such as simply understanding one another. Although more contact between Europeans and Indians seemed to highlight the differences, it was generally assumed that more interaction in joint projects and work relations would lead to greater understanding between Europeans and Indians. For the first two years it was mostly top managers who were in direct contact with Indians in India. In fact, engineers had only limited daily contacts with the Indians in CityB or CityA. The cultural differences experienced at Gamma Europe are described in more detail in chapter 4.1.5. However, below a few quotations illustrate the cultural challenges;

*... Indian society still lags behind European society in many ways, e.g. regarding social security, legislation, taxation, contractual issues, business practices etc... We have seven of these issues relating to work – there are seven agreements that are binding on both employers and employees, and we have to follow these rules. Indians find it difficult to understand that we are serious about these issues, for example, that we have to have development discussions with our employees – what on earth are they all about?... (a Director, autumn 2007)*

*...India and Europe differ quite a lot as regards work culture... and they have a different cultural background, too – religion, all that kind of thing... That's probably the biggest challenge, to make both parties understand, so that we understand how the Indians operate and the Indians understand how we operate... (a Project Manager, autumn 2007)*

Other major challenges were related to *communication, language difficulties and English, as well as management and leadership*. *Communication challenges* comprised knowledge sharing and transfer, i.e. receiving and giving information regarding what knowledge, know-how, capabilities and resources were available in each organisation, as well as internal daily communication. Challenges related to communication also referred to the *use of language* and understanding layered *meanings*. For example, according to the Europeans, Indians did not emphatically say “no”, when they would have been very direct. Also the increasing use of English in

team meetings and internal communication was not easy for all employees. Nevertheless, as interaction increased employees became more and more used to English. Issues related to communication and language difficulties are described in more detail in chapters 4.1.4 and 4.1.5.

Finally, challenges related to *management and leadership* referred to the lack of an integration manager or leadership, joint management information systems and a common vision and strategy as well as clashes at management level. Moreover, the decision making style was seen as hierarchical and bureaucratic in India, and, in general, was seen to take too long. In contrast European business management was seen as more flexible. Figure 15 below summarises the results from the interviews regarding the main integration challenges experienced at Gamma Europe and issues related to them.

<p><b>different policies and practices</b> &gt; <i>best practices, different tools &amp; management information systems, (in)compatible processes and systems (especially in IT, HR and Finance)</i></p>
<p><b>cultural differences</b> &gt; <i>society, infrastructure, ways of operating and thinking, concept of time, work style and work ethic, roles, understanding one another</i></p>
<p><b>communication</b> &gt; <i>internal communication, knowledge sharing and transfer, communication culture (employee-superior, email vs. phone), use of language (meanings)</i></p>
<p><b>language problems</b> &gt; <i>language difficulties, language barrier, technical challenges and noise in conference calls</i></p>
<p><b>management and leadership</b> &gt; <i>lack of integration manager and leadership, management information systems, decision-making</i></p>

Figure 15 The main integration challenges experienced at Gamma Europe during spring 2007 and summer 2008.

There were no major differences between CityA (former Alpha) and CityB (former Beta) in what was regarded as the main integration challenges. However, there were some differences in emphasis, e.g. cultural challenges were regarded as the main challenge together with challenges related to communication, leadership and common practices in CityB. In CityA, the challenges related to communication and different practices were regarded as slightly more important than cultural challenges. Other employees clearly had

more language difficulties than the key persons, especially at the distant sites operated by Alpha.

In summary, much of the challenges were related to the differences in organisational and national cultural differences. These issues also are typical in domestic acquisitions, and some interviewees mentioned that cultural differences between CityA and CityB were at least as big as the cultural differences between Europe and India. However, the biggest challenge for Gamma and Alpha was to deal with the obvious physical distance between them.

#### 4.1.4 The relationship between the Indian and European organisations

In order to have a deeper understanding of the attitudes towards the parent organisation and the cultural differences that entailed, *parent company visibility, contacts and perceptions about the parent company* were analysed. Visibility defines the type of interaction and how the parent company was visible to the employees. While the parent company may consciously be marketing itself internally, it was interesting to see “*how*” and “*which issues*” were visible to employees located far away from Gamma’s headquarters.

The first contact with the parent company for many was the first employee information meetings following the announcement of the acquisition. According to the interviews, the *managers’ visits* from the parent organisation to Europe were the most visible aspect of the parent organisation. The quarterly meetings remained for many employees the only contact and interface with India. However, many thought it was good that the managers came to Europe to these meetings; and that it showed that the parent company cared and is interested in Gamma Europe.

Also *written communication or internal marketing* was an important factor related to Gamma’s visibility. Internal marketing often took the form of weekly or monthly emails. Employees at Gamma Europe had also access to the Indian intranet, in addition to their local European intranet. However, some felt that the monthly information letters were often too focused on India. Also the “all users” emails seemed often very Bangalore centred and were defined as “spam” by some interviewees. Only a few mentioned that they didn’t read the weekly and monthly emails due to a shortness of time at work, or not being interested, or language problems.

Furthermore, *the engineer exchange* programme increased the parent company’s visibility. Just over 20 engineers were divided among CityA and CityB to learn the European way of doing business. Additionally, some acquired employees were in *daily or weekly contact* with India because they

had to reply to enquiries. Some also mentioned that the parent organisation had been visible at *the music festival* in CityA. Nevertheless, during the first two years it was the top managers and middle managers who were most often in contact with their Indian colleagues. Consequently, some employees said that they had not been in contact with or only had a little involvement with the parent organisation and stated that it was not very visible. Figure 16 summarises the findings and distinguishes between the positive and negative sides of visibility.

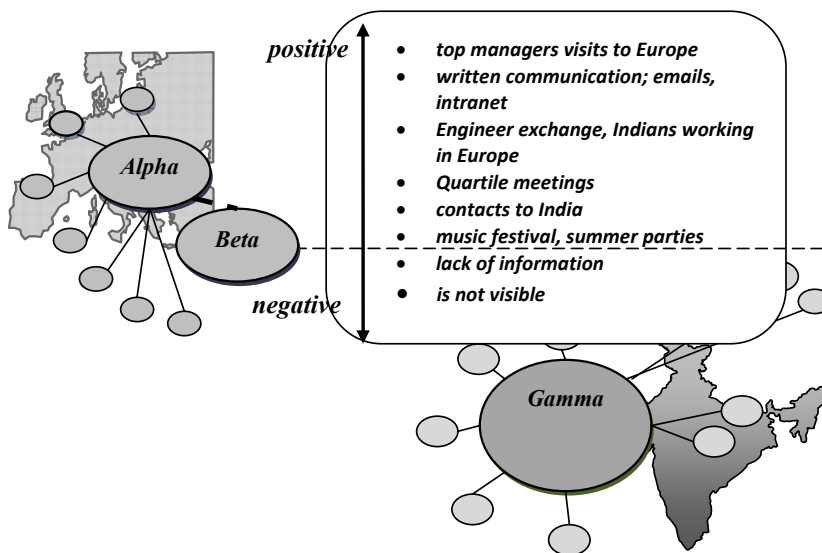


Figure 16 Parent organisation visibility factors

In addition to parent company visibility *the perceptions of the parent company* were studied. The majority of the interviewees had never heard about Gamma before the acquisition. However, the first info meetings were informative and many recognised the similar background and history between the companies and both Alpha and Beta employees could identify with Gamma's history. The perceptions of the parent company were thus very *positive* six months after the acquisition. As the company become more visible and there had been more contact between the companies the perceptions of parent company became more concrete. Some were surprised about the *high level of knowledge and know-how* of their Indian colleagues. Others were surprised with the *decision making* in the parent organisation, which they saw as being made ad hoc and note that some decisions could be reversed the next day. The decision making process was also considered to be very hierarchical and slow. Some thought that Gamma was much bigger than it was.

Nevertheless, with time some said that the parent company did not feel that big anymore and it had *turned out to be medium sized* in the global market just as Alpha was, in its market, before the acquisition. Gamma was thus considered smaller than the big players in the market. Additionally, some felt that Gamma is still *very India oriented* and not as global as they first thought.

Two years after the deal negative attitudes and disappointment had grown. Based on the interviews the main reasons for that disappointment were expectations regarding both the parent company and the integration process that failed to materialise. Some thought that a bigger company acquiring Alpha would help them to grow and internationalise, i.e. move to the next level. However, they didn't realise that the parent company Gamma was in transition as well and didn't have the solutions that Alpha or Beta required. The employees at Alpha's distant sites were the most "distant" from the parent company. They had the least contact with their Indian colleagues, and as they were most often working at the customer's premises they had the least interface with the parent organisation. This reflects an underlying cultural clash as the more there was contact and cooperation with the parent company the more the organisational culture became visible. The *positive perceptions* were related to the similar background of the companies and their level of knowledge and know-how, while *negative perceptions* were related to the slow decision making process and the hierarchical and bureaucratic organisation of the parent company, as well as the India centred view of the parent company.

Based on the interviews conducted during the first two years it was clear that *key persons* were in direct contact with the Indian Gamma employees. Some key persons visited India once, twice or even more. To the majority of the employees of Gamma Europe the contacts were limited to the visits of the top managers at the quarterly meetings or to the Indians that came through the engineer exchange programme. For most, the contacts were very limited or non-existent. *Work related contacts* were multi-faceted and ranged from email enquiries and joint offers to joint projects, which remained relatively limited. However, even those employees who didn't have direct work related contacts could have seen a glimpse of their Indian colleagues in local corridors. Additionally, only top managers had Indian superiors, while a few project and engineering managers had Indian subordinates. The *employee-manager relationship* was said to be different, and European subordinates felt their Indian managers were not as systematic as the superiors they were used to in their European or Western culture, e.g. development discussions were not common in the Indian organisation's culture, and managers did not seem to set personal goals together with their employees. On the other hand Indian subordinates seemed to need more supervision and monitoring. In general,

some interviewees felt that meeting their Indian colleagues or superiors face to face either in India or in Europe had enhanced personal contacts and some interviewees were positive about seeing top managers from India in the *quarterly meetings*.

The biggest issue raised related to contacts with Indian Gammians was *communication*. It was also felt that one of the biggest challenges related to how contact was conducted. While a few felt there were no problems related to communication, others raised a number of issues such as *slow response, escalation, communication tools and language*. Some felt frustrated they did not receive replies to their enquiries as fast as they needed or received answers to only some of their questions. The escalation culture was viewed as inefficient. Although it often speeded up the process, it was also viewed as wasting the time of superiors. Moreover, the overall communication culture was not perceived to be as open in India as it was in Europe. For example, it was felt that subordinates could not criticize or disagree with their superior. There was sometimes also a lack of communication, e.g. information about changes in contact persons in India in the case of employee turnover was not passed on to Europe. Based on the interviews, there was a clear difference between Europeans and Indians in their preferred way of communication; Indians preferred calling directly, while Europeans preferred sending emails. Although many questions could have been quickly answered with one phone call, Europeans felt it was sometimes easier to formulate the questions or the issue in writing, and emails were often perceived to be a more efficient way to communicate based on that view.

There were also challenges related to the *use of language* and the understanding of *meanings*. The main issue here was that, according to the Europeans, Indian colleagues did not say “no” easily or emphatically. Based on the interviews, there was a certain language barrier which hindered communication and European employees felt uncomfortable using their English. This could be seen in e.g. meetings, which became much quieter in English than normal because the employees said only what they really had to say. Furthermore, the increased use of English in team meetings and internal communication meant reduced participation from some employees who had weaker English skills. Additionally, technical problems or issues, e.g. bad connections, or talking over one another in conference calls, added to the communication challenges. Nevertheless, as interaction increased employees became more adept at using English. The quotation below illustrates the challenges related to communication:

*...differences in ways of communicating – we use e-mail more, while they tend to use the phone more. Another difference is that we can maybe discuss things more openly, while they tend to rely more on*

*interpersonal communication. We can be much more direct in public situations, for example, when someone puts an idea forward, we might criticise it, which happens quite often, whereas they might first say in public “Yes, very good” but then in a one-on-one private discussion it may turn out that they disagree completely... (an Account Manager, spring 2007)*

Nearly two years after the acquisition, in the summer of 2008, the biggest challenges were according to the interviews; *joint procedures and communication*. Differences in processes and methods of executing them were seen as a challenge that also affected the launching of multi-site projects. In addition, the *time and schedules* of the projects were seen as a challenge, although interviewees were aware of the cultural differences related to the concept of time. Naturally, cultural differences also created difficulties for cooperation and collaboration between Europeans and Indians. Figure 17 summarises the forms of contact and cooperation, as well as the challenges and wishes related to cooperation.

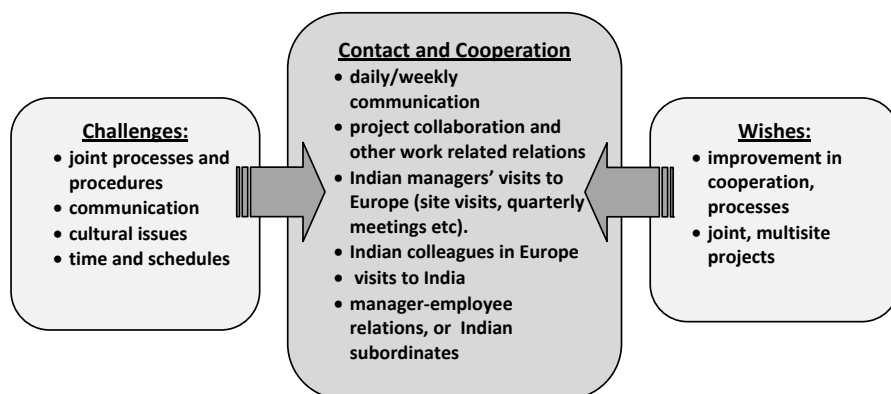


Figure 17 The challenges and wishes related to contact and cooperation between European and Indian Gammians

Based on figure 17 the level of contact varied from daily or weekly contacts to limited contact e.g. quarterly meetings. The forms of contact varied from work or project collaboration to Indian managers' visits to Europe or to the engineer exchange programme. Some European Gammians had also been to Bangalore. Their wishes were related to increased cooperation in the form of multi-site projects and improvements in cooperation and a harmonising of processes within the organisation.

To sum up this section, much of the challenges related to the acquisition and integration process were revealed in contact and cooperation between

European and Indian Gammians. Based on the results it is apparent that there were few major cultural clashes, but this may be because the contacts had remained limited. However, based on the interviews there was a relatively high cultural awareness in Gamma Europe. Moreover, the employees in Gamma Europe had a positive attitude towards their Indian parent company. Nevertheless, high cultural awareness wasn't always enough to avoid problems or even conflicts in interaction and cooperation between Europeans and Indians, especially at top management level.

#### 4.1.5 Cultural differences

In order to obtain a deeper understanding about the integration process and the relations between Gamma Europe and India, the cultural differences were also analysed. Based on the results the employees at Gamma Europe were relatively "culturally aware". Some key persons mentioned their past work experience in Asian countries. Quite a few also mentioned that the culture training, which was offered soon after the Gamma acquisition, gave good insights into Indian culture.

The main cultural differences according to the interviews were clearly differences in *work culture, communication, and the conceptualisation of time*. Differences in work culture were related to working days. According to the interviewees, Indians spent long days at the office, but their effectiveness was different as the days involved socialising in addition to work, while in Europe the work was effectively done between 8 a.m. and 4 p.m. In addition, the Indians were, according to the interviewees, enthusiastic about new job assignments but did not necessarily finish them as enthusiastically, while Europeans were consistent in their serious attitude to work. Indian work culture was also found to be more competitive than in Europe. In addition, the job descriptions were broader in Gamma Europe. Consequently, the work of an assistant at Gamma Europe was more varied and involved more responsibilities than in Gamma. Furthermore, it was found that Indian workers take less initiative and require more monitoring, while in Europe employees were expected to be more conscientious about their work. Differences in communication referred most often to the difficulty of obtaining a direct response, especially a negative reply from Indians. Moreover, based on the interviews some Gamma Europe employees said that they couldn't trust in what their Indian colleagues or managers said, as it could change the next day. Additionally the differences in the concept of time were often mentioned. Some felt frustrated about the lack of punctuality, while other employees never had problems e.g. with being punctual for meetings or conference calls.



Meeting deadlines was another concern or challenge related to the conceptualisation of time. The quotations below illustrate the cultural differences regarding communication and work culture:

*“...well there are quite a lot of differences in attitudes towards work... we Europeans are hard workers and serious about our work. When you tell us to do something, we do it, and some report on the results of the work immediately it's done, while some don't report and you have to ask them. On the other hand, Indians, when you give them a task, they start off with great enthusiasm and they tell you how they are going to do it, but whether they ever get it done – that's another story... Another thing is that we like to work on our own. When we are given a task, we'll do it and if there are problems we may ask or we may not, but we do it. Indians are different, they are used to their superior watching over their shoulder to see how the work is going – this makes them feel that their superior is interested in what they are doing and in that way present...”* (an Engineering Manager, autumn 2007)

Other issues that were mentioned as cultural differences were related to differences in the level of hierarchy and manager and employee relationships. Gamma was viewed as more hierarchical and bureaucratic. On the other hand it was also bigger. Moreover, manager and employee relationships were not as open in India as in Europe, e.g. subordinates would not or did not criticize their superiors and superiors monitored their subordinates more. In comparison, in Gamma Europe employees are more autonomous. Additionally, some mentioned that Indian superiors are ruder towards their subordinates, e.g. managers may openly humiliate their subordinates in meetings or conference calls. In addition, although the culture training and Indian Gammians emphasised that the caste system no longer prevails, some interviewees felt it was still strongly present. For example, it was suggested that some top managers in Gamma India were in their position more due to their social background than their managerial competences. Figure 18 illustrates the main cultural differences at different stages of the integration process.

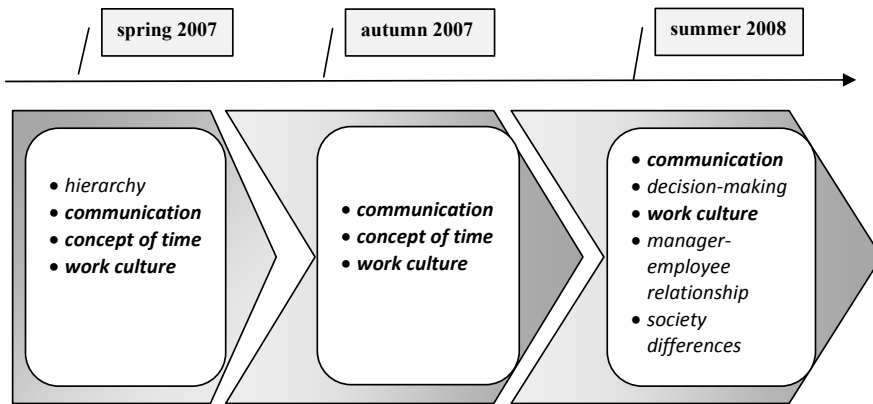


Figure 18 The main cultural differences at different stages of the integration process

Interestingly, figure 18 demonstrates some changes. In the early post-acquisition phase only key persons had contact with the Indian Gammians, and the cultural differences were more related to differences of national background, i.e. European or Indian national differences. As the integration process progressed and contacts with the parent company increased cultural differences began to show up in the differences in organisational culture, such as decision making methods and manager and employee relations, which of course reflect national differences. This is natural as the contacts between the parent and the European subsidiary increased and become deeper. Thus, the more there were daily work related contacts the more differences related to organisational culture were bound to emerge. Figure 19 below illustrates the shift from national to organisational cultural differences in time.

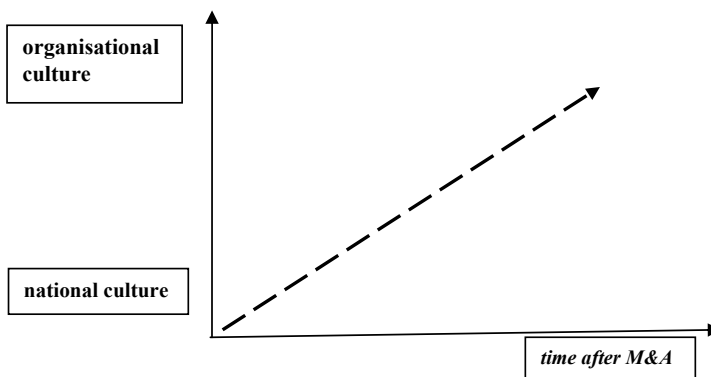


Figure 19 The levels of cultural differences during the integration process

Within Europe there were some regional differences with regard to the emphasis of cultural differences. In CityA (former Alpha) the main issues, presented in order, were the *concept of time, communication, work culture, hierarchy and manager and employee relationships*. In CityB (former Beta) the main issues were *communication, work culture and the concept of time*, in that order. At the distant sites issues related to *management in general and the concept of time* were the most important cultural differences.

To sum up, with reference to the cultural dimensions and measurements used (e.g. Hofstede 1991), India and European cultures would seem to be fairly distant from each other. The cultural differences at the national level were apparent, and a visit to all sites helped to obtain a deeper understanding of the fundamental differences related to everyday life at different the locations of Gamma and Gamma Europe. However, the differences were so obvious that cultural awareness was relatively high. Based on the interviews it was found to be much higher in Gamma Europe than in India. Nevertheless, high cultural awareness did not provide the tools to allow employees of Gamma Europe to deal with the cultural challenges.

#### 4.1.6 The acquisition and integration experience from the acquired organisations' perspective

In order to obtain a better understanding of the development of key persons organisational commitment it is important to understand how they and the acquired organisation in general experienced the acquisition and the integration phase. Within researchers on M&As there is disagreement regarding how fast an integration process should proceed. Generally, it has been argued that "the first 100 days" is critical (cf. Angwin 2004a; Hubbard 1999). Moreover, research implies that integration in knowledge intensive acquisitions should proceed at a slower pace with a greater emphasis on human resource integration (Birkinshaw 1999). The issue of the best speed for integration for the case study organisations to have proceeded at has also divided opinions within the respondents, although in general the feeling has been that it has proceeded too slowly. Already in spring 2007 interviewees expected that the integration process would have processed much faster. While in some areas the integration proceeded on schedule, in some other areas, such as the HR and Finance departments, it lagged behind. Some argued that the integration plan wasn't clear. Nevertheless, in the beginning the Indian's gentle approach was appreciated. Due to the slow approach the integration process was not visible at lower levels of the organisation.

*A year on from the acquisition* dissatisfaction had begun to grow regarding the integration pace and the realisation of synergies. The integration process proceeded much slower than many had hoped for, even in areas which some regarded as self evident, such as IT systems and emails. Some argued that the integration process wasn't taken seriously and not enough effort and resources were being allocated to the integration and that the integration process lacked leadership. A few interviewees stated that the honeymoon period was over. Furthermore, some thought integration had been processed poorly, while a few thought that the integration process has proceeded well. In general though, the interviewees thought that the integration phase has proceeded rather slowly, and some mentioned that customers had made comments on the integration process, e.g. that the European organisation seems to be "*a little Gamma Europe*" within Gamma had nothing more in common with the parent company than the name. There were different views regarding the completion of the integration process. According to some interviewees, the actual integration should have been completed in autumn 2007.

*In summer 2008*, nearly two years after the acquisition, it appeared that the integration process turned out to be much harder and slower than anyone originally could have imagined. Retrospectively, it seemed that the integration process began with a spurt at the beginning, but then the process slowed down or was yet to be completed according to some interviewees. Some argued that the integration process was completed during 2007 while some said that the integration process really only began in autumn 2007. During that time the former owners of Alpha left the Board of Directors of Gamma Europe. There was a new organisational change in early June 2008, and many felt the integration process was again picking up speed. Overall, it can be said that the integration had proceeded slowly in the opinion of the employees, especially in operational areas, such as the integration of processes, practices and policies. Figure 20 below illustrates how the speed of the integration process was experienced in June 2008.

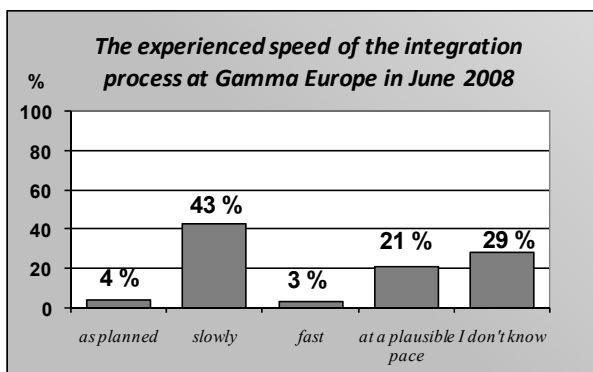


Figure 20 Experiences of the speed of the integration process at Gamma Europe in June 2008 (n= 175).

Although the general feeling was that the integration process had proceeded slowly, the respondents evaluated the integration phase as being quite successful by June 2008. According to the results from questionnaire 4, nearly half of the respondents felt that the integration process had succeeded to a satisfactory level and 36% gave it a good grade (see figure 21 below).

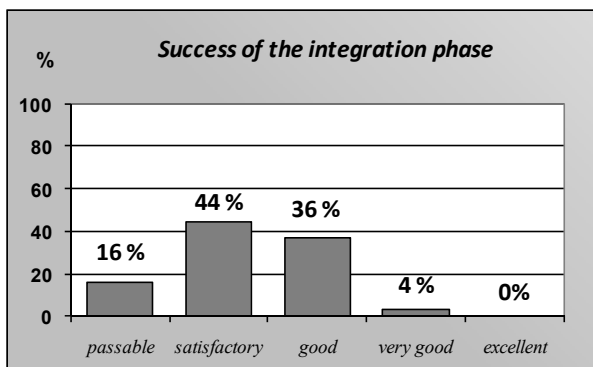


Figure 21 The experienced success of the integration process in June 2008

It might be surprising that the integration process is evaluated from satisfactory to good despite the fact that most respondents to the questionnaire and interviewees felt that the integration process had progressed slowly and had not really achieved the intended synergies. Nevertheless, the interviewees were mostly middle or top managers, who had expectations regarding the synergies, while the questionnaire more reflects the average feeling in Gamma Europe. Based on the results, those who were most dissatisfied with the integration process were middle or top managers. From, for example, the

engineers' point of view, the acquisition or the integration process had little effect on their daily work and thus many might have appreciated the slower approach, which brought very little change to their work.

In the beginning the acquisition was mostly experienced positively. The acquisition was seen as opening up new opportunities in the form of growth and internationalisation, and was generally viewed as a good move. In autumn 2007, more than a year after the deal, the acquisition was still perceived mostly as a positive experience and both managers and employees had had more international contacts either in the form of direct contacts to India or in seeing Indian colleagues working in CityA and CityB. In addition, the engineer exchange programme had started in spring 2007 in CityB and summer 2008 in CityA. However, for many employees the acquisition hadn't affected their daily work life and was not very visible in their everyday routines as only the top managers and the CEO had direct contacts to India. There was also a growing feeling that the integration process was much slower than anticipated and become more challenging than was expected. Additionally, a feeling of disappointment had grown by summer 2008 as the integration process and expected synergies took much longer to realise. Nearly two years after the acquisition many interviewees considered the organisation to have become more bureaucratic and increased the amount of requirements related to the demands of a listed company. In general, dissatisfaction towards how the organisational changes were conducted had increased by summer 2008. Some felt that they hadn't yet properly implemented previous changes, although new ones were already being introduced, and others thought the changes were unclear and brought uncertainty. Other employees also hoped that the organisation would remain stable for a while, but other employees were not that affected by the changes. The changes were more visible at the top level of the organisation. Nevertheless, many acknowledged that many of the changes were related to the growth of the company, and would have been necessary anyway. In addition, it was acknowledged that as the company grew it was bound to become more bureaucratic.

Thus, even though the integration success was evaluated as satisfactory or good, the majority experienced the Gamma acquisition neutrally. The quantitative results from questionnaires show a clear drop in those respondents who felt the Gamma acquisition had been a positive experience, and a slight increase in those who felt it was a negative experience. The group of "no experience" grew, and may reflect the increase of new recruits, i.e. those respondents who were recruited after the acquisition. Figure 22 illustrates the cross-sectional results of the quantitative questionnaires in May 2007, December 2007 and June 2008. The results reflect the subjective view of employees at Gamma Europe

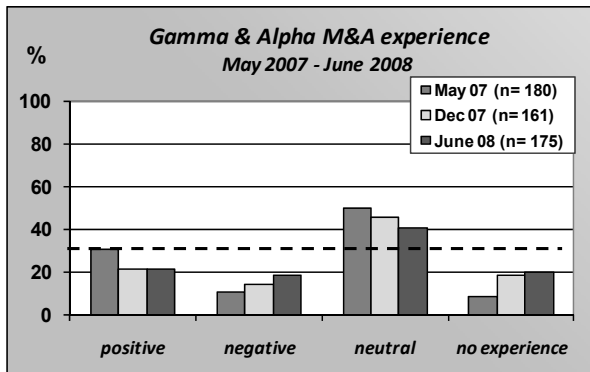


Figure 22 The development of the Gamma acquisition experience from May 2007 to June 2008

Figure 22 above illustrates the “average” in the organisation at each time (note these results are not based on panel data but cross-sectional data, i.e. each period reflects the results of all respondents from that particular period), while the interviewees emphasise the key persons’ (mostly middle and top managers) perspective. The interviews were in line with the quantitative results, although the results from the interviews are less moderate than the results from the questionnaires. Here it must be noted that the interview results are biased towards the middle and top managers’ points of view, and thus do not represent the entire organisation (as the quantitative results do). Figure 23 below summarises the results from the interviews and describes how the acquisition experience developed during the first two years after the acquisition.

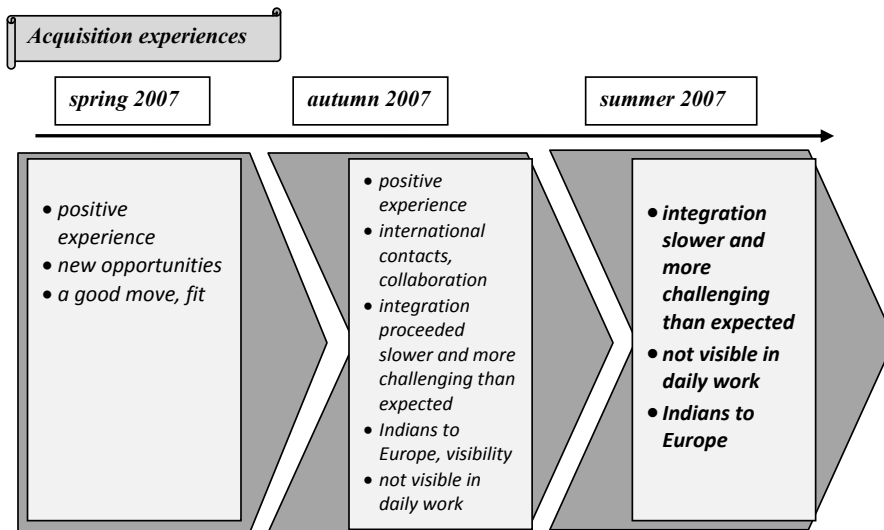


Figure 23 The development of the acquisition experience at Gamma Europe from spring 2007 to summer 2008

Interestingly, although the acquisition wasn't experienced as positively as in the early integration phase, and the attitudes had shifted slightly from a positive attitude to one of slight disappointment, the quantitative results from the fourth questionnaire in June 2008 demonstrated that on average the acquisition has met the expectations of the respondents (see figure 24). Again this indicates that most of the respondents had not been affected much by the acquisition, or the acquisition was not very visible in their daily work. The slow approach was for some employees reassuring, while the majority of middle and top managers felt that the acquisition had not met their expectations and was not creating the expected synergies. Moreover, employees were reassured that so far jobs had not been moved to India.



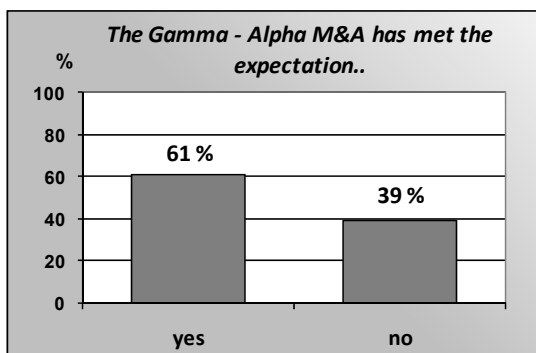


Figure 24 How well had the acquisition met expectations – results for June 2008

In summary, based on the interviews this friendly acquisition was in general positively welcomed by middle and top managers, but considered with slight suspicion by other employees, who feared that their jobs might be lost to employees in India. The results imply that although there were no big differences among the different sites, the acquisition was experienced more positively in CityA (former Alpha) while in CityB (former Beta) the experiences were most often related to challenges related to the integration process, such as cultural differences or other challenges. However, both in CityA and CityB some key persons felt that the expectations had not been realised or had taken much longer to realise than expected. The acquisition was experienced in a more moderately at the distant sites where employees felt it had had little or no effect on their work. In general, top managers and key persons had more expectations and wishes regarding the acquisition and integration than other employees, who tended to be more worried about job continuity and the future. Nevertheless, there were no indications of drastic changes in attitudes, and based on the results Gamma Europe was ready for deeper integration by summer 2008. In particular, middle managers and top managers were especially eager to achieve the hoped for synergies.

To sum up this section, chapter 4.1 presented the context of the case study, i.e. the specific case study issues related to the Indian-European acquisition. In order to understand how key persons' organisational commitment develops after a cross-border acquisition it is important to understand how the post-acquisition integration phase proceeded, i.e. the level and speed of integration (cf. Birkinshaw et al. 2000; Lees 2003), the relations between the acquired and acquiring company, i.e. the level of autonomy (Lees 2003), and cultural differences (cf. Cartwright & Cooper 1993; Very et al. 1996; Weber 1996; Teerikangas & Very 2006).

## 4.2 Key persons' organisational commitment during the post-acquisition integration phase

### 4.2.1 Key persons in the acquired organisation

The key persons in this case were identified using information from both the target company and the acquirer. The target company's list was much shorter than the acquiring company's list. It comprised only 17 names, i.e. around 7% of the total personnel. These included former owners and personnel with long tenure as well as a few employees that had only recently come into the organisation but held a key position in the company e.g. head of a business unit or HR personnel.

It is typical that the initial identification of key persons during the pre-acquisition phase is largely based on the information received from the target managers (Hubbard 1999). The Indian parent company made a list of key persons during the due diligence process which was much more comprehensive than the list given by the target, acquired, company. According to the Indian parent company, there are two types of key person: critical and leaders. *Critical key people* are those who possess critical skills or knowledge that would be difficult to replace. These need to be "de-risked". However, only the previous owners of both Alpha and Beta were tied with a contract in connection to the acquisition deal to remain within the acquired company for two years. This was enforced by a financial penalty, if they were to leave the organisation earlier than agreed. *Leaders*, on the other hand, are key persons who possess leadership skills and could be groomed for bigger local or global roles. These people need to be invested in, if they are to be retained.

The key persons were assessed and divided into three categories; critical, leaders, and also critical and leaders. The Indian parent company identified 55 key persons, of whom 42 were critical, 6 were leaders and 7 were both critical and leaders. By the end of 2006 the target company employed around 275 employees. Consequently, the key personnel identified by the Indians represented 20% of the personnel. These 55 key persons represented the top and middle managers in the target company. Some of the key persons were marked only as a key position, as the persons were not identified yet or recruited. The final list of key and critical persons only comprised 47 actual names. On the other hand, the 17 key persons identified by the CEO of the target company represented merely top managers, some middle managers and a couple of Lead Engineers, who represented mostly the former owners of both Alpha and Beta.

Based on the interviews, the target employees' and key persons' definition of who is key in Gamma Europe was in line with this initial key personnel

mapping. In the early phase of the post-acquisition integration phase critical knowledge was regarded as technological know-how and knowledge and project management skills. Accordingly, the key personnel were seen to be the Project Managers and technology gurus, Senior and Lead Engineers. In addition, in Alpha, Engineer Managers, Sales and Marketing people and Finance were regarded as critical persons or functions. However, nearly two years after the deal a wider range of employees or functions were regarded as critical i.e. Business Unit VPs, Project Managers, Sales and Marketing (Account Managers), Lead Engineers and other specialists e.g. engineers or people at the execution level in general. See figure 25 below.

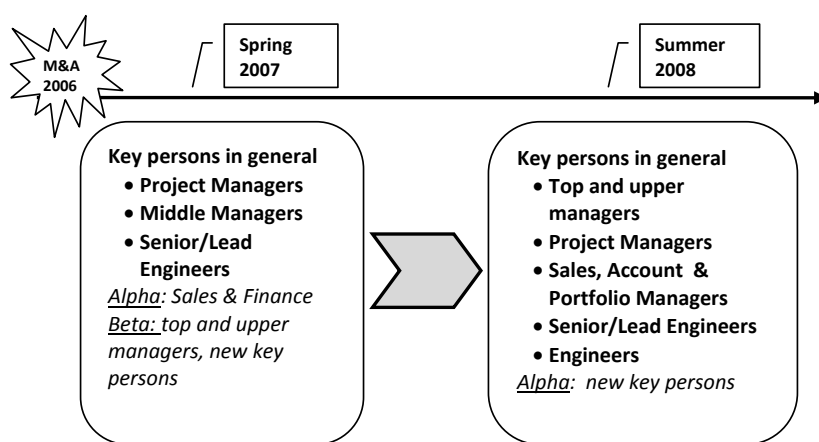


Figure 25 The key persons by position during the integration phase based on interviews in the target organisation

The change to a wider key person definition can be explained by the integration process. First, many interviewees considered their own function critical, which is quite natural. However, the majority of the respondents were top, upper and middle managers, who often regarded the core competences to be in the technological know-how. Thus Senior and Lead Engineers together with the actual engineers were regarded as key for the company. In general employees with long experience were regarded as key and difficult to replace;

*...if I had to identify the real key persons in this company they would be the technical engineers... because all those in managerial positions, including me, are much more easily replaceable than an engineer with, for example, 10 years specific experience, on a large scale...and I don't just mean technical knowledge but also process knowledge, knowing the customer's processes, all the processes of developing a product, for example, the life cycles of the products... I*

*would say that they are the key persons that it is absolutely crucial to retain now at all costs, at this stage. (an Account Manager, spring 2007)*

Second, the integration process was not been as smooth as expected and it took much longer to realise the expected synergies. This may explain why the top and upper managers were regarded as more and more important. Plus, they also represented the interface to India. Third, being a key person didn't depend on the position as such, but on the personality of the person;

*Key persons are tenacious workers who have gained their knowledge through experience... they have tacit knowledge these key persons... which they don't necessarily make a big noise about...their attitude is that they resolve issues...it's more about their attitude than about which courses they have taken or what their educational background is... (an Engineering Manager, summer 2008)*

Nevertheless, it was also recognised that those who were regarded as key persons earlier were not necessarily key anymore. This was because as the environment and the context changed due to the acquisition, some knowledge became obsolete and new knowledge was needed;

*...as the context has now slightly changed following the acquisition, the question is how much of the former tacit knowledge will gradually become unnecessary, i.e. will lose the value it had earlier, and we should rather try to learn something completely different... but still on the same theme, if there are people who are forces keeping these organisations together, they may also be negative forces if they don't drive change...it will in a way cause the whole ship to run aground, even though they are traditionally seen as key persons. So we should analyse it to see who the key persons are with a view to constructing the joint vision and the future...which makes me think that from that point of view, all these key persons are not even working for us yet... (a Director, spring 2007)*

Consequently, key persons needed to be reassessed in the light of the new vision and committed to building a new future for the company. Due to the organisational changes both in the target organisation and the acquiring organisation, the acquirers didn't have the resources to reassess the key persons. Nevertheless, the changing environment and key customer requirements emphasised the need for tighter operational integration between the acquiring and acquired target organisation. Accordingly, two years after the acquisition, knowledge related to multi-site and cross-cultural management

were regarded as the new key competences that were especially required of project managers.

Furthermore, the role of some key persons changed dramatically due to the acquisition, and they were no longer critical regarding the target organisation, although they did possess a great deal of knowledge and valuable experience. Key persons at the top level of the organisation, who were in a critical decision making role in the past and were leading the target company on their own, were suddenly part of a bigger company, leading only a business unit or a division within a much bigger organisation. Their role and responsibilities diminished drastically. Many of the top managers in both Alpha and Beta had established the company or were former shareholders and had an entrepreneurial mindset. The change in their role rendered them less important for the organisation, and some admitted it had affected their motivation and commitment. In addition, as the organisation grew the amount of key persons decreased, as more and more people become easier to replace. As the organisation grew, more emphasis was also laid on codifying tacit knowledge. Consequently, over time, former key persons became less critical and the amount of indispensable key persons decreased. However, new qualities were attributed to key persons.

Another way, of analysing key persons is to assess the damage it would cause if such a person would leave the company. Interestingly, in the early integration phase, when key persons were interviewed, many thought that “nobody is irreplaceable” and the level of damage would largely depend on which organisational level the turnover would occur, although, it was presumed that the turnover of key persons would slow down the integration process and would have a negative psychological impact on employees. In addition, it was acknowledged that the Indian parent company had acquired new knowledge, but that key person turnover would lead to a loss of knowledge. Moreover, it was considered that it would have particularly severe consequences for long term customer relationships and projects.

Two years after the acquisition, when key person turnover had occurred, the main consequence was the loss of experience and knowledge. Many considered that replacing a specialist would be hard in the short term and some believed that the loss of the Financial Director had been difficult to replace. However, in general the damages were not regarded as extensive or dramatic. Nevertheless, some argued that in an expert organisation, as the target company was, knowledge tends to be individual to the point where a job may end or follow the employee leaving the organisation.

Overall, in this case, key persons were defined based on their technical or leadership capabilities and also based on their attitude, i.e. commitment to the new organisation and its vision. In addition, as the integration process

proceeded it was acknowledged that some knowledge may become obsolete, while new knowledge was needed. In this case, cultural management and cross-cultural multi-site project management became the new capabilities that were required. Moreover, the time perspective had to be taken into consideration. In the short run, key persons were those identified during the due diligence process. In this case, the parent company identified 55 key persons at the top, upper and middle management levels and also some assistants and trainees in support functions. They were divided into critical people and leaders. The CEO in the target company listed only 17 key persons. A dozen of them were mentioned in the deal and retained for 2 years through contracts. Retaining the existing key persons may be thought of as essential in order to maintain stability and a sense of security among the employees. For example, key employee retention was seen as important to reduce insecurity;

*“...if the employees notice that the rats are leaving the sinking ship it’s obvious that it will affect their motivation and sense of security...So it’s very important to keep the key persons in the organisation, because the management team that we have has grown out of a project-oriented world – just a couple of years back they were all involved in projects, from the CEO down... we were all one big family...”* (an Engineering Manager, spring 2007)

When the CEO left the organisation in October 2007, it raised concerns and not all employees were sure what to read into it;

*“...we had an awful lot of discussion around the coffee table about what this means, what is going to happen next, but it may be due to this situation that the acquisition actually happened. We always tend to expect the worst, so that a little move like this seems big...there is always a moment of terror...”* (a Lead Engineer, autumn 2007)

The key in the long run, however, seems to be to re-assess and constantly evaluate the key persons in the changing environment. Key persons are easy to identify based on their position, but personalities, attitudes and characteristics may also be more important. Those who can change their ways and learn new things and adjust to meet the needs of the changing environment and organisation are the true key persons worth committing to the company and retaining.

#### 4.2.2 The definition of a person committed to Gamma as defined by the acquired organisation

In order to obtain a better understanding of organisational commitment, the interviewees were asked to define what they considered to be a “committed person”. Based on the interviews, a committed person is and has *a motivated work attitude*, and he/she *does his/her best at work* and has *an inspired attitude to work*. Additionally, a committed person is *actively involved in developing the organisation*. Furthermore, a committed person is viewed as *being flexible*, does not count hours or leave at 4 p.m. sharp when the official day ends but can *stay longer if the project at hand requires it*. Moreover, a committed person is, in general, *interested in the company*

There were slight differences in the definitions of what is considered a committed person in the main sites CityA (former Alpha) and CityB (former Beta), which may reflect differences in their organisational cultures. *In CityA* a committed person is above all *interested in his/her job, conscientious about his/her work, i.e. uses his/her initiative, and is flexible*. Consequently, he/she doesn't work “nine to five”, i.e. leave when the day is officially over, but is willing to do extra hours if needed. A committed person is also interested in the company, what happens to the company and in the market the company is operating in. He/she is actively involved in the organisation and participates in developing the functions and the organisation by suggesting e.g. better procedures or tools, courses etc. In addition he/she is enthusiastic, and has a certain spirit and attitude when working. Finally, a committed person looks for what is in the best interest of the company and sees the organisation as an entity, in other words, they see the big picture. Interestingly, the definition changed slightly during 2007. For instance, only 6 months after the acquisition being interested in one's work and the organisation together with being actively involved in developing processes and the organisation was regarded as very important. A year after the acquisition qualities such as thinking about what is in the best interest of the company, motivation and trying to actively resolve problems and finding solutions seemed to be the most important qualities associated with a committed person. The challenges encountered during the integration process may explain the changes towards a more “problem solving” definition of a committed person. Figure 26 illustrates the development of the definition of a key person in former Alpha, the site at CityA.

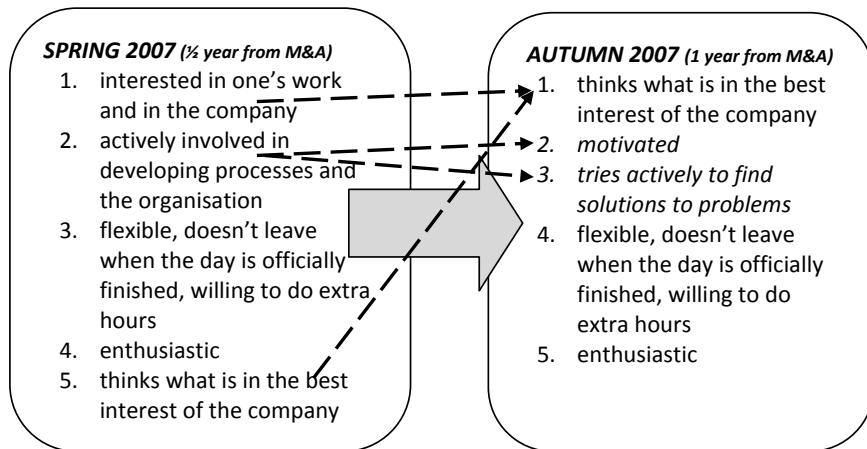


Figure 26 The evolution of the definition of a committed person in CityA during 2007

Interestingly, *in former Beta* the attributes given to a person committed to the company were slightly different. In general, a committed person has an *enthusiastic attitude to work, does his/her best at work, and is active in social relations*. Moreover, *he/she is conscientious about his /her work, and commits to the company's goals and strives actively to achieve them*. He/she is *happy, enthusiastic, and motivated and generates a positive spirit*. A committed person is proud to be working for this organisation and has a belief in the company values and in the company. Consequently, he/she will stay in the company despite competing work offers from other competitors. A committed employee looks for solutions that are good from the company point of view, considers what is best for the company, sees the big picture, and is also future oriented. As in CityA, the definition of a person committed to the company evolved during the integration process. Enthusiasm towards work changed into doing his/her best and being conscientious about work. Moreover, although social skills were emphasised six months after the deal, these were no longer mentioned a year after the deal. Instead a committed person was described as being happy, enthusiastic and motivated. In addition he/she was proud to be working for the organisation. These profiles reflect the organisational culture at CityB, the changes in the definition of a person committed to the company, and further reflect the ongoing integration process. Figure 27 illustrates the definitions of a committed person in former Beta in spring 2007 and autumn 2007. The arrows point out the differences and changes in the definition.



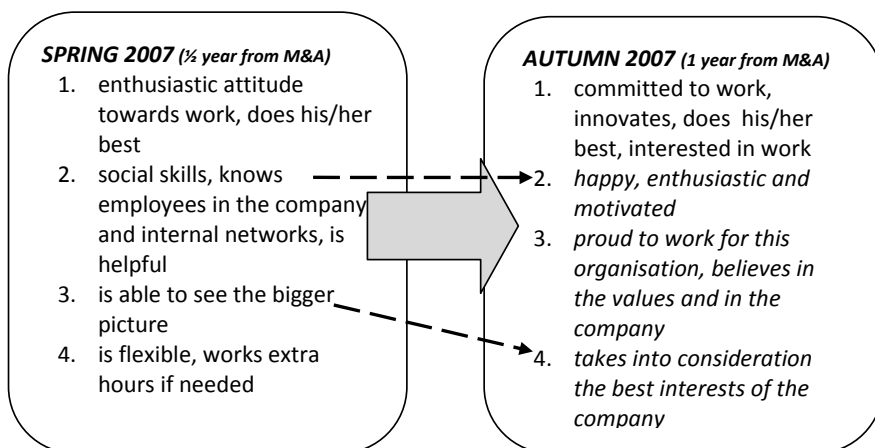


Figure 27 The evolution of the definition of a committed person in CityB during 2007

Similar characteristics of a committed person were also raised at *the distant sites of Alpha*. However, based on the results it was found that work related attitudes were the most important characteristic. In general, in the distant sites a committed person was regarded as doing his/her job well, and was seen as both meticulous and sedulous. In addition he/she did not complain about everything nor give up easily. A committed person was seen as interested in the company and his/her work, and as participating in the development of the organisation, worked in the best interest of the company, was flexible when needed and radiated a positive attitude. This profile reflects the demands at the distant sites, where employees work on customer premises within a project. Some interviewees were assigned from one distant site to another, meaning they had to travel 200 to 300 km every week to work on a specific project and had a lack of work at their local headquarters. However, there wasn't enough data from spring 2007 to allow a comparison of any change in the definition.

When comparing the definition of a committed person between key persons (middle and top manager) and other personnel, there huge differences were not found. Similar themes emerged in the definitions given by both key persons and other personnel, such as *attitude towards work, enthusiastic and motivated attitude, as well as participation in organisational development*. Nevertheless, there are some differences. Only key persons mentioned that committed persons *consider the best interest of the company*. This was seen as the factor that most differentiated key persons from other personnel. In addition, *flexibility* was viewed as much more important by key persons and only one interviewee from the "other personnel" group mentioned flexibility in work hours.

Interestingly, the definition given by key persons changed from spring 2007 to autumn 2007. *Work attitudes* were regarded as important at both interview times, but the content changed significantly. Only six months after the deal qualities such as being active, showing initiative and enthusiasm and not having a merely “nine to five” attitude had begun to transcend and replace the positive and energetic image that had been previously typical of the work attitude of a “committed person”. However, a little over a year after the deal, qualities such as motivation to work, motivation to meet problems and solving them, and taking the company’s goals as his/her goals reflected a more laborious image of the work attitudes of a “committed person”. Additionally, in spring 2007 *participation in organisational development* was viewed as an important part of being a “committed person”. This was no longer mentioned in autumn 2007. Moreover, in autumn 2007 a *happy and enthusiastic attitude* was seen as more important than in spring 2007.

These changes reflect the ongoing integration process and the challenges encountered. Consequently, motivation and problem solving became important work attitudes in autumn 2007, while in spring the attributes were more positive and included items such as active, self-initiative and enthusiastic. Moreover, as time elapsed key persons began to realise that their opportunities to participate in the development of the company had become more limited, and in early autumn 2007 it was maybe still unclear how the organisation would change and how Gamma Europe as whole would fit into Gamma. Thus, this wasn’t considered important in autumn 2007, but a happy and enthusiastic attitude was. Interestingly, other personnel considered organisational development an important attribute for a committed person. Flexibility and having the best interests of the company was seen as important both in the spring and autumn of 2007, although only key persons thought these described a committed person. However, these were not considered important by other personnel. Figure 28 illustrates the definitions of “a committed person” given by both key persons (i.e. middle and top managers) and other employees. The arrows illustrate the themes that were repeated in spring and autumn 2007.

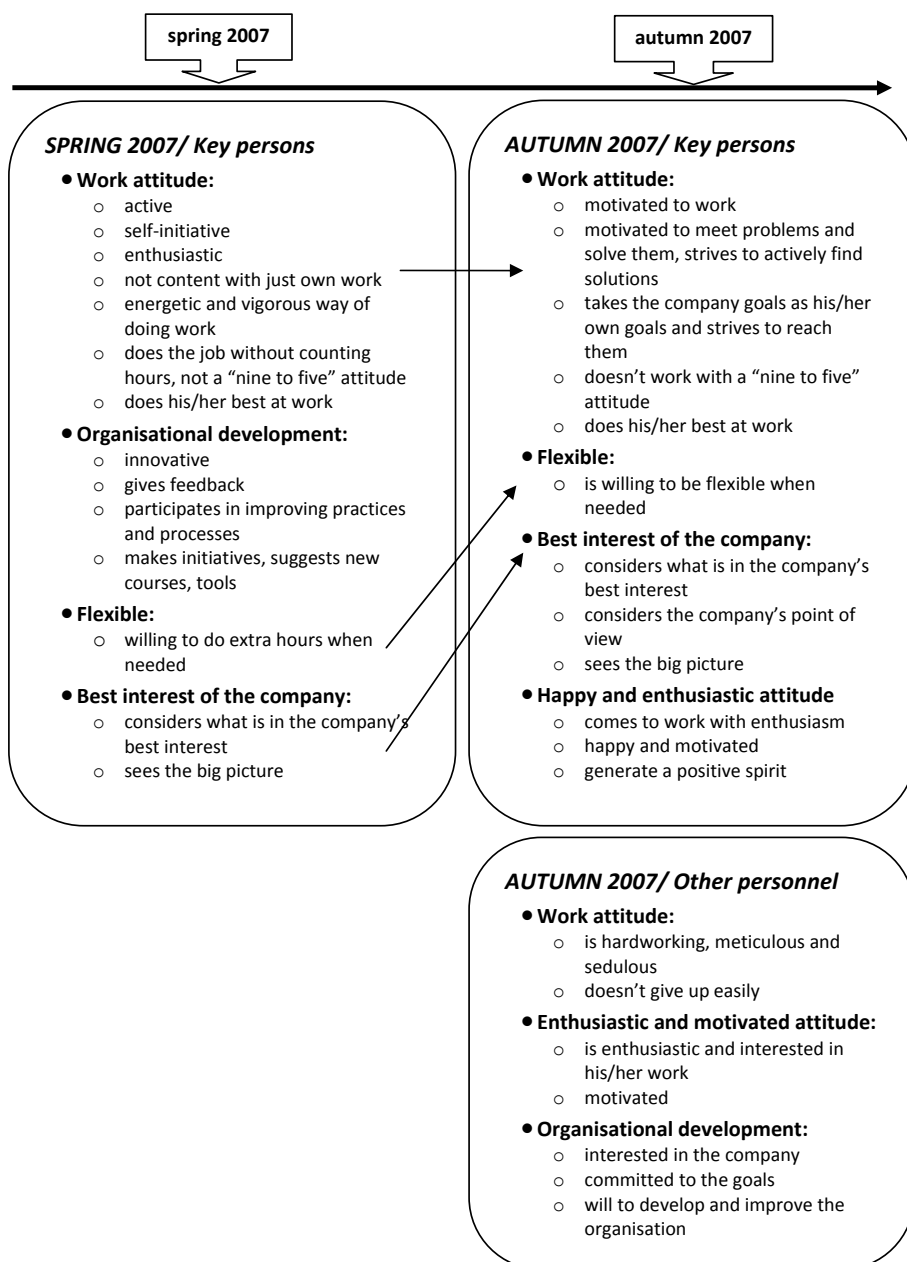


Figure 28 The definitions of a “committed person”

Although the interviewees were asked to define a “committed person” in general, this was considered a reliable way to ask about their subjective views on what type of person is “committed” and what qualities they have without having to analyse and reflect on themselves, which would have easily lead to socially acceptable answers. Nevertheless, as the key persons gave their

subjective view, it is to be expected that the answers reflect their expectations. While it is difficult to say whether their behaviour reflects a level of commitment according to their own standards, the comparison of the definitions given by key persons and other personnel shows the differences in these two groups. Based on the results, *the "committed" key person differs from the "committed" personnel by having the best interests of the company in mind and has a willingness to put in extra effort, i.e. is flexible regarding working hours.*

The results from the quantitative survey give support to the interview findings. The second questionnaire in May 2007 consisted of various attributes of the definition of a committed person, which had been identified in the first interview round in spring 2007. Based on the interviews, a person very committed to Gamma is *active, has initiative, is interested in developing operations, is critical and does his/her best at work.* Figure 29 illustrates the frequencies related to the different attributes of a person committed to the organisation in Gamma Europe.

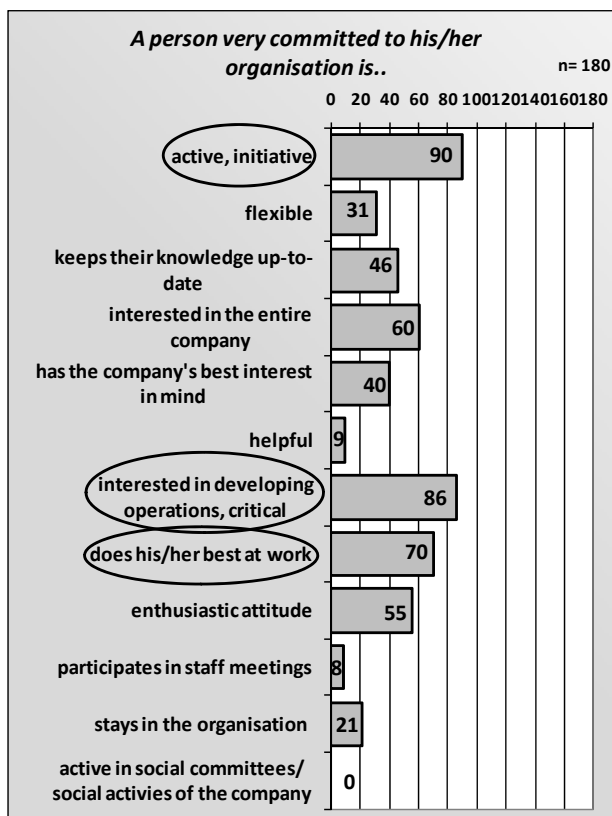


Figure 29 Attributes related to very committed persons (May 2007, n=180)

Nevertheless, some interviewees stated that “no one was committed to the organisation” anymore. According to one key person, people were much more committed to their work and no one was strongly committed to the organisation. In addition, one interviewee, who was asked if employees were strongly committed to the organisation, turned the question around and stated that the employers were not committed to retaining employees for a long period of time. Such views and issues obviously create difficulties when seeking to attain the commitment of employees. It is possible that a lack of commitment to a company may be felt more keenly in this current period when companies have to reduce personnel due to the financial crisis.

In summary, defining a person committed to the company gave in depth insights into who is regarded as a committed person in Gamma Europe. Challenges in the integration process seemed to be mirrored by changes in the definition of a committed person. Accordingly, problem solving underlay the definition of a committed person a year after the acquisition. Interestingly, key persons also emphasised that persons committed to the company would consider what is in the best interest of the company. This may also reflect a salient characteristic of key persons. Finally, the concept of a “committed person” also led to the questioning and criticism of “employer commitment”.

#### 4.2.3 Organisational commitment towards Gamma Europe and Gamma India

##### 4.2.3.1 Commitment towards the European organisation

Based on the results, of both interviews and the questionnaires, it would seem that commitment to the immediate organisation was stronger than towards the parent company. This is in line with the findings of Lawler (1992) regarding the principal of proximal rules (Lawler 1992, 334). Consequently, target employees’ can be said to commit more easily to their sub-organisations than to a larger multinational corporation. This may be because sub-organisations have more of an opportunity to influence an employee’s commitment than a corporation has. Figure 30 below illustrates the results from the second questionnaire in May 2007, in which employees had to choose what they felt they were more committed to.

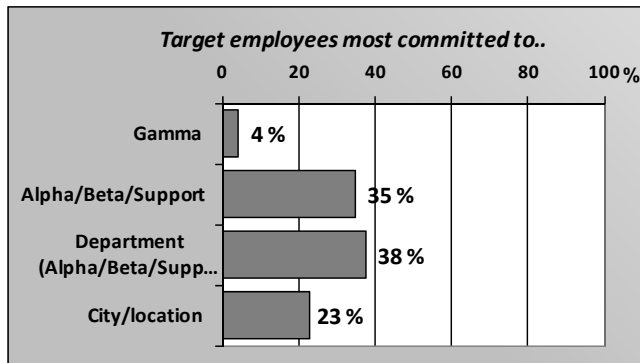


Figure 30 Gamma Europe's employees commitments in May 2007 (n=180)

The results show that they were clearly more committed to the business line or organisation within Gamma Europe such as Alpha (hardware), Beta or Support function, or the department within that business line. In particular, in CityA (former Alpha) employees felt more committed to the city or location, which was confirmed by the interviews. At CityA, there were no other employers in the same field within 50 to 100 kilometres. Some said that they would have to move 200 km to do a similar job in another company. For many employees and key persons at CityA, living in the area of the countryside where they were from meant a great deal, to the point that they would rather change their profession than move away to follow work. The quotation below illustrates commitment to a region, which was important for many of the interviewees from CityA;

*...at the moment Gamma Europe means I can live in my home town, which is important, because if there was no Gamma Europe, I would have to move 200 km away if I wanted a job in the same field...at the moment I want to live in this region... (a Lead Engineer, autumn 2007)*

*...Gamma Europe is in this area...well other companies in this field are 200 km away, and me and my family have settled down here. I would not be likely to leave this place to go to another technology firm, even if Gamma Europe ceased to exist or moved away, I would not be likely to follow work to another place – I would have to change my profession in that case... (a Engineering Manager, autumn 2007)*

However, some of the managers said that the former Alpha Group means a lot to them, simply because of their long history in the company and the fact that they have participated and watched the growth of the company from its early days. Some also stated that it was exciting to work in a company with

such growth potential and career opportunities. One manager said that it was not Alpha as such, but being involved in engineering where the end product reaches the market that still gives him a sense of achievement. Employees working at distant sites felt the organisation did not matter at all, as they were working for the customer on the premises of the customer, and some felt their only connection to the parent organisation was their salary.

*...Gamma Europe means a lot to me. I have been involved in this company for a long time and in building the business, and I still feel I want to be involved in developing it, I wanted to see what we have succeeded in building, grow and develop and not the opposite...I want to see things going in the right direction...in other words there is a will to show that this is not a negative case. In Europe there have been quite a few cases where companies have been sold abroad and then the doors have been shut and the jobs have been lost... (a Director, autumn 2007)*

In CityB (former Beta) the area the company was located in was not important. In addition, there were other competitors in the area the employees could move to, i.e. alternative job opportunities (cf. Arnold & Feldman 1982; Cotton & Tuttle 1986; Gerhart 1990; Price 2000; Lambert et al. 2001). However, many of the key persons had established Beta, or become shareholders and had been involved in building the company. For many Beta represented their accomplishment in work. In addition, the small size of the company had attracted some of the key persons because it offered the possibility for self-realisation and larger responsibilities, which were important factors for them. In brief, working in a small and medium sized company with such growth potential was an appealing factor for many of the managers both in former Alpha and Beta.

*... I came to Gamma Europe from a bigger company...I intentionally chose a smaller company, and Gamma Europe's international background reassured me that this company has enough resources... it was important for me that the organisation has growth potential and that I would be able to try my wings, try out the "I decide – I do" mentality. The marketing department is small – in Europe I'm practically speaking on my own, so it also gives me a certain freedom... (a Director, autumn 2007)*

The result from the fourth questionnaire in June 2008 implied that employees were more committed to concrete issues such as *the project* they were working on or *their closest work community or team* than their organisation. In fact, there was an important drop from December 2007 in the

commitment to the local sites (e.g. CityA, CityB, etc) in favour of commitment towards projects. Many reasons may explain the drop. First, the sample of respondents varied from December 2007 to June 2008. Second, the organisational changes in autumn 2007 and spring 2008 may have increased insecurities regarding the organisations themselves. Third, the majority of the projects were carried out in teams of three to five employees and often behind closed doors due to confidentiality reasons. Thus the project and the project team became the closest and most important unit for the employees. Figure 31 illustrates these changes (results from December 2007 in brackets).

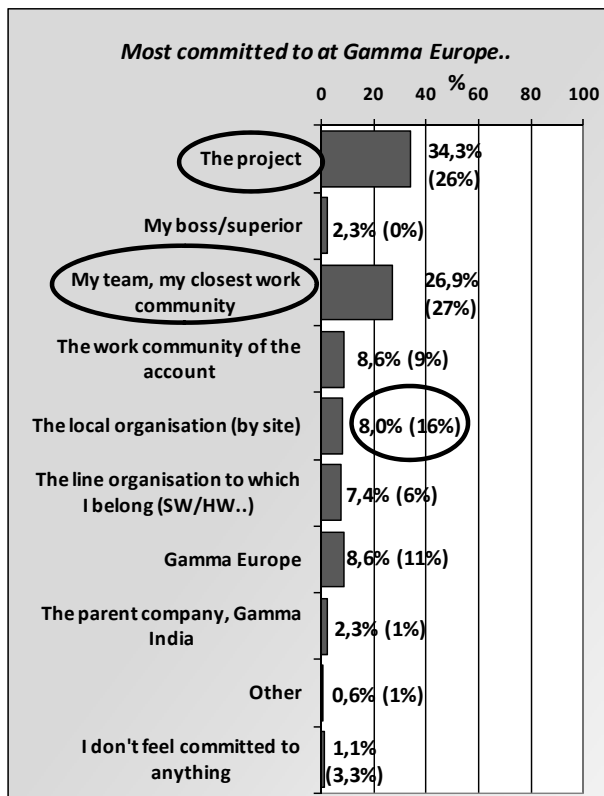


Figure 31 What employees feel most committed to within Gamma Europe in June 2008 (n= 175) compared to December 2007 (n= 161)

Interestingly, there were differences among the organisations and sites in how committed the interviewees described their own level of commitment. *Nearly two years after the acquisition*, in CityA (former Alpha) the interviewees were either “*relatively*” or “*very committed*”. In general, the key persons defined themselves “*very*”, “*highly*” or “*strongly committed*”. In



CityB (former Beta) interviewees varied from “*not committed*” to “*highly committed*”. In general they evaluated their levels of commitment as being more moderate than in CityA. Key persons also defined their commitment towards the organisation as “*weak*”, “*decreasing*”, “*not very committed*”. In general, the employees at the distant sites of Alpha defined their commitment towards the organisation as “*not committed*”. That was reasonable to expect as they work on customer premises and often feel closer to the customer’s organisation than their parent company, which, for some, merely represented the organisation paying their salary. Consequently, based on the interview results, it would appear that two years on from the acquisition organisational commitment had decreased.

The longitudinal quantitative results give support to the qualitative results. Consequently, there was a slight decrease in commitment towards Gamma Europe. Figure 32 illustrates cross-sectionally how the levels of organisational commitment of key persons (n= 13) and other personnel (n= 52) in the panel (panel total n= 65) developed in relation to the organisational average at each questionnaire (Q) round (scale 1 = strongly disagree to 7 = strongly agree). The organisational average refers to cross-sectional results at each survey round where the final sample varied from n = 155 to n = 180 (see also table 2).

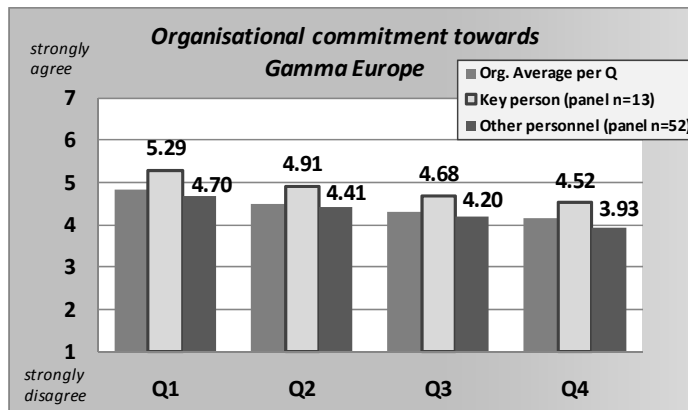


Figure 32 The development of commitment towards Gamma Europe from December 2006 to June 2008 (means)

Based on the results organisational commitment dropped steadily over the two years. Many reasons related to respondent bias discussed in chapter 3.3.2.5. may explain the decrease, as well as respondents getting steadily tired to responding every six months to the lengthy questionnaire. However, figure 32 demonstrates interesting results on how key persons’ organisational

commitment is stronger in comparison to other personnel. Based on the interviews, key persons demonstrated stronger attitudes for many reasons. First, many of them were former owners of either Alpha or Beta, and had worked many years in the company seeing it grow and participating in the building of the company to what it is today. Second, due to their position they were more involved in the integration process and more in contact with Indian managers and colleagues (see e.g. Bartels et al. 2006; Raukko 2009a). Nevertheless, based on quantitative analysis, the differences between key persons and other personnel were not statistically significant and the eta-values were very low, which implies that variance within the groups was higher than between the groups.

The interview data implied that there were some differences between CityA and CityB, i.e. former Alpha and Beta, respectively. The slightly more negative attitudes were much stronger in CityB and the majority of key persons felt that their commitment had decreased. In contrast, in CityA, formerly Alpha, the majority of the key persons felt their commitment had remained the same or had increased. Only a few key persons felt that their commitment had slightly decreased. There were many reasons why *interviewees* felt their commitment had decreased. In general, the main reasons were related to *organisational changes* and *a lower status in the company or a reduced ability to influence the company*. In general there were numerous reasons, which were mainly related to changes in role, the growth of the organisation and a decrease in decision making or authority. Figure 33 illustrates the levels of commitment in relation to the acquisition experience (scale 1 = strongly disagree to 7 = strongly agree) among all the respondents of questionnaire 4 (June 2008, n= 175). Employees experiencing the acquisition negatively were clearly less committed than those who experienced it positively or not all, even neutrally. According to the results there were statistically very significant differences ( $p < 0,001$ ) among those respondents who experienced the acquisition positively, negatively or neutrally (See statistical analysis in Appendix 12).

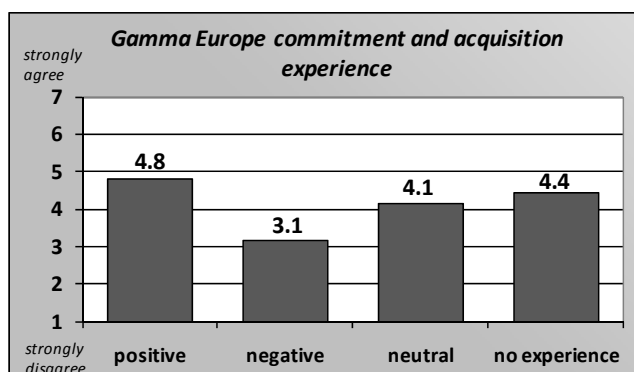


Figure 33 The commitment towards Gamma Europe in relation to the acquisition experience in June 2008 (n= 175)

*In CityA* the changes in organisational commitment didn't appear to be very drastic. Issues such as *organisational change, the integration process and its implementation and challenges, and the decrease in decision making and the possibility to make a difference* were mentioned as factors influencing commitment. In addition losing ownership, positive expectation versus realisation and the dissolution of organisational identity were mentioned. In general, key persons felt more or less frustrated with the progress of changes and their diminished decision making power. The quotations below illustrate how interviewees explained changes in organisational commitment in CityA:

*...well I don't know whether the fact that the company has grown and become global, and the ownership is somewhere else...the company has become more distant somehow...but I don't think my own commitment has decreased so much...there was a downturn at one point, but now it looks as if we are making good headway, so let's see where it takes us from here... (a Director, summer 2008)*

*...I wouldn't say there have been any major changes in my organisational commitment... the biggest change probably took place when I was selling the company...when I was no longer the owner, the emotional link with the company was broken...it wasn't in that way my company any more...but I could say that since then nothing significant has happened. Of course I can say that my commitment has decreased a little now that I'm not able to make decisions as independently as before... (a Director, summer 2008)*

*In CityB* the biggest issue among key persons was the change from being former shareholders to subordinates, and their reduced possibility to make a difference in the company, and disappointments in relation to expectations.

Many of the former shareholders had an “entrepreneurial spirit”, and felt that being an entrepreneur or the having ownership in the company was committing as such and rewarding in itself. After the change some felt there were no factors committing them to the company or rewards. Furthermore, in being part of a *bigger corporation* many felt that they couldn’t make a difference in the organisation, or their input was no longer as visible as it had been. Moreover, some had been very enthusiastic at the beginning and had expectations about growth, the availability of resources etc. As the integration took longer to progress and the changes longer to come into effect some key persons lost trust and faith. The organisational changes were not as big an issue at CityB as in CityA, but some mentioned that the lack of clarity of roles or changes in their job description had had a negative impact on their organisational commitment. The quotations below illustrate these perspectives;

*...the whole thing is a bit disorganised – I just wish we had clear roles and responsibilities, where I would know what I have to do, but I could operate more freely. I wouldn’t describe myself as being very committed... my commitment has fallen off dramatically...if I were offered a good position somewhere else, I would leave without a second thought... When I think about it I’m most committed to the European operations and to cooperation with this particular customer, because I have the best understanding of what the customer’s demands are...at the moment that’s what keeps me committed the most. (a Director, summer 2008)*

Only a few interviewees felt that their *organisational commitment was increasing*, either after a decrease, or in general and shared a feeling trust in the organisation:

*“...clarification of my job description and of operations in general has given me confidence in the fact that everything is all right...the only thing is that decision-making takes place farther away, which is a negative thing in the background...but as long as I can see that the organisation is all right and that the systems work, it gives me faith and confidence...” (an Engineering Manager, summer 2008)*

To sum up, in this case organisational commitment towards the acquired organisation decreased slightly but steadily over the first two years. Key persons demonstrated stronger attitudes than other employees, which resulted from their role as former owners and their active part in the M&A process. Factors decreasing organisational commitment were organisational changes, reduced power, the challenges related to the integration process and the

change from owner to employee. On the other hand, factors increasing organisational commitment were related to the integration process and the trust gained from seeing that the company was surviving the M&A. Moreover, the results imply that organisational commitment is not viewed as important by employees and key persons. In general, the employees seemed to be more committed to their work and work community than the actual organisation, which was seen as less tangible.

#### 4.2.3.2 Commitment towards the Indian parent organisation

This research focused on the duality of organisational commitment. Due to the acquisition the headquarters of the company had moved from CityA (and CityB) to Bangalore. The longitudinal research analysed how commitment to Gamma as a whole developed. Earlier figure 30 suggested that the majority of the employees at Gamma Europe would be committed to either the entire business line or their unit within Gamma Europe rather than Gamma as such. Based on the interviews in autumn 2007, some of the key persons (including middle and top managers) were still more committed to Gamma Europe. However, some others did not distinguish between Gamma Europe and Gamma, while some explicitly said they belonged or were committed to the larger global entity. In addition, some personnel were still more committed to Gamma Europe and felt the Indian parent company was distant, far away. The quotations below illustrate these perceptions.

*...of course business here at CityA and succeeding here are things that are close to my heart, but even Gamma Europe has multiple sites...I don't see any difference between Gamma Europe and the parent company... (a Director, autumn 2007)*

*...well, my commitment is stronger towards Gamma Europe..." (an Account Manager, autumn 2007)*

*...I'm committed in my own mind to making this company into something more than it is now... something more important in its field...In a typically European way I'm not committed to any one person, not to my superior or my subordinates, or to a team member... nor do I have any strong feelings about a national or European or Indian Gamma...Maybe it comes from the fact that I have this ambition – I want to be involved in something that will leave a bigger mark... (a Director, autumn 2007)*

Although, the results from the interviews implied a change in attitudes in favour of Gamma India over the two years, the results of the quantitative survey implied that commitment towards Gamma India was lower than for Gamma Europe, although Gamma Europe was also experiencing a decrease in overall levels of commitment. Figure 34 below illustrates cross-sectionally how the levels of organisational commitment of the key persons and other personnel in the panel developed in relation to the organisational average at each questionnaire (Q) round (scale 1=strongly disagree to 7= strongly agree). The organisational average refers to cross-sectional results at each survey round where the final sample varied from n = 155 to n = 180 (see also table 2).

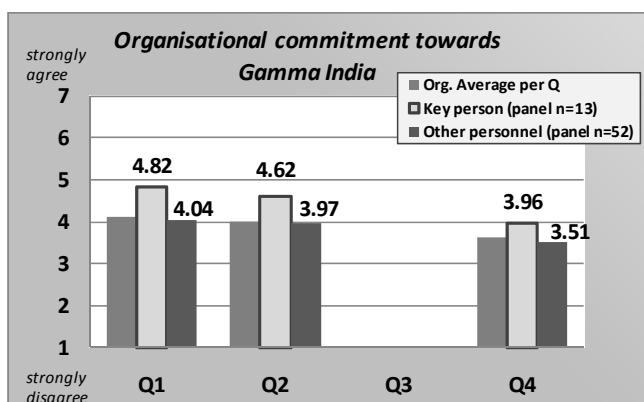


Figure 34 The development of organisational commitment towards Gamma India from December 2006 to June 2008 (means)

The trend is similar to the commitment towards Gamma Europe, although the decrease in the acquiring company commitment is more moderate during the first two questionnaires (Dec 2006 – May 2007) compared to the decrease in acquired company commitment (see figure 32). The drop seems drastic between May 2007 and June 2008, but it has to be noted that unlike commitment to Gamma Europe, commitment towards Gamma wasn't measured in December 2007. Consequently, the drop appears more important than it maybe was in reality. Again many reasons related to respondent bias discussed in chapter 3.3.2.5. may explain the decrease, as well as respondents getting steadily tired to responding every six months to the lengthy questionnaire. Similarly to figure 32, this figure demonstrates how key persons demonstrate higher levels of organisational commitment than other personnel. This might be explained by several reasons. First, many of them were either involved in or aware of the acquisition and the motives, and felt positive about the acquisition. Second, they had been involved in selecting the buyer, and

they were eager to achieve synergies. Many of them were involved in integration teams. Participating in the integration process and being aware of the M&A motives as well as being former owners of Alpha and Beta, can explain why key persons experienced slightly stronger commitment towards the acquiring company than other employees. Nevertheless, the disappointments in the integration process, which proceeded slower than anticipated, and the challenges emerging from the integration process decreased the positive attitudes. However, as mentioned earlier, it has to be noted that, the differences between key persons and other personnel were not statistically significant and the eta-values were very low, implying that variance within the groups was higher than between the groups. Figure 35 illustrates how the levels of commitment towards Gamma vary in relation to the acquisition experience based on the results of the last survey in June 2008. The results imply that those respondents who experienced the acquisition negatively were relatively lowly committed to Gamma. According to the results there were statistically very significant differences ( $p < 0,001$ ) among those respondents who experienced the acquisition positively, negatively or neutrally (see Appendix 12).

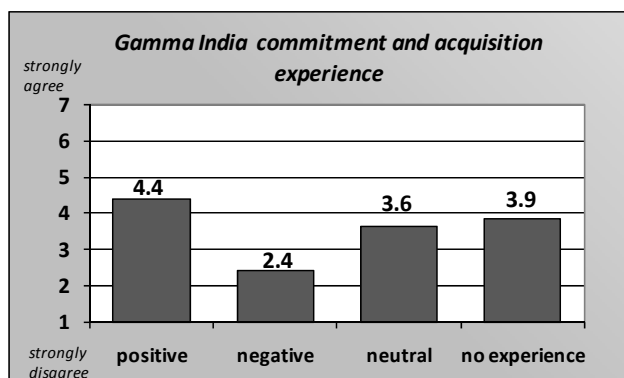


Figure 35 Commitment towards Gamma India in relation to the acquisition experience in June 2008 (n= 173)

This result is in line with the results on the Gamma Europe commitment in relation to the acquisition experience (see figure 33). However, the results imply that a negative experience affected much more commitment towards the Indian parent company than towards the European organisation. In general, in line with the results on organisational commitment, commitment towards Gamma India was slightly lower than organisational commitment towards Gamma Europe. Figure 36 below describes the levels of organisational

commitment towards both Gamma Europe (OCT = organisational commitment towards target company) and Gamma India (OCAC = organisational commitment towards the acquiring company) among key persons (n= 13) and other personnel (n= 52) in the panel (total n= 65).

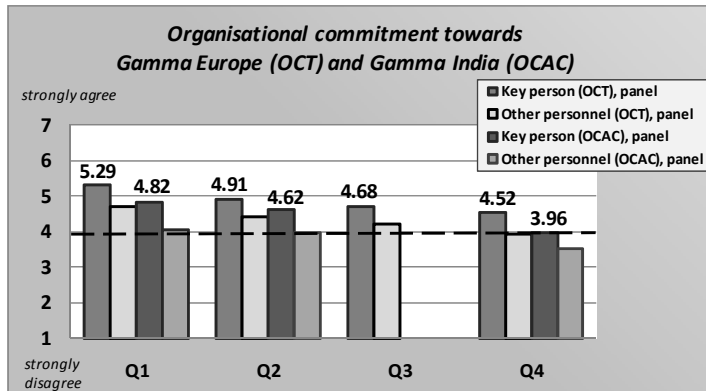


Figure 36 Comparing the levels of employees commitment towards Gamma Europe and Gamma India from December 2006 to June 2008 (means)

The results show that at each survey round attitudes towards the target company were higher than towards the parent company. Accordingly, key persons as well as other personnel were still more committed to the target organisation nearly two years after the acquisition. This result is in line with literature implying that it may take years before acquired employees really feel committed to the newly merged company (cf. Kusstatscher & Cooper 2005). According to the interviews, the parent company Gamma still remained relatively distant in autumn 2007 and employees and managers had in general limited contacts with Indian Gammians. Some felt the parent company was faceless apart from the very top management, who had visited the sites and the quarterly meetings. In addition, employees in general had little information regarding their parent organisation. Others made no difference between the two organisations, and few felt committed or part of a global Gamma.

*...we do know the top level management of Gamma India well enough – the director, chairman of the board etc., so in that sense it's not a faceless organisation, but at the middle level it does have a faceless company image... We don't really know who they are over there, and that's the biggest single factor that reduces commitment... they are just some guys somewhere in India... (an Account Manager, autumn 2007)*



To briefly recap this chapter, commitment towards Gamma was lower than for Gamma Europe. The results imply that employees are more easily committed to their closest organisation, and more specifically to projects and teams within their organisation (cf. Lawler 1992). The levels of commitment followed the moderately decreasing trend of commitment towards Gamma Europe. Based on the results, those who experienced the acquisition negatively also demonstrated lower commitment than those who experienced it positively. Moreover, the reasons for lower acquirer commitment were related to geographical distance and a lack of knowledge related to the parent organisation, which also rendered Gamma India faceless apart from the top executives, who had visited Gamma Europe. Nevertheless, the results from the interviews imply that employees were more committed to their actual work and projects than the organisation as such. The next chapter analyses issues related to the development of organisational commitment.

### 4.3 Factors related to the development of key persons organisational commitment in a cross-border acquisition

#### 4.3.1 Current and hoped for practices aimed at achieving employee commitment

In order to analyse and explain the development of key persons' organisational commitment in cross-border acquisitions, it is important to also analyse the existing committing practices in both the acquiring and acquired organisation. Moreover, this research focus on the key persons' perceptions on what they believe commits them best to the new parent organisation.

The parent company Gamma has a unique People First approach to their employees. The People First credo is built on three pillars, which are competency, commitment and character. Nevertheless, the employees' turnover rate, or attrition, is very high and was 24.3% in the financial year 2007 to 2008. The Indian working culture in the IT field is unique, and employees often leave employers in order to increase their salaries and obtain higher positions. Gamma has taken specific HRM measures in India to deal with the high turnover level by introducing e.g. in-house medical centres, gyms, fitness programmes such as Yoga and Tai-Chi, programmes that bring employees and their families together, forums that enhance relations among

employees such as sports competitions and music clubs, and a number of interactive communication channels (Gamma Annual Report 2007–2008<sup>20</sup>).

Nevertheless, the HR function is largely Indian based and Gamma Europe was in charge of its local HR issues. In order to control for the parent company committing effect, interviews were conducted with the Indian integration manager and the Indian HR Director in order to find out which committing measures were applied in Gamma Europe. It was found that during the first two years the Indian parent company had not implemented any commitment packages within the European subsidiary. However, employees and the key persons of Gamma Europe were asked to describe how they perceived the commitment efforts of the parent company and how would they like attempts to make them more committed to Gamma to progress.

According to the interviewees, the most important way of committing employees during mergers and acquisitions was *open and honest communication*. While employees in general thought communication is crucial in reducing uncertainties about future and potential job losses, *key persons emphasised the importance of communicating the motives behind the acquisition, the potential synergies and advantages related to the acquisition and the goals set and how to achieve them, i.e. the company strategy*. Additionally, some key persons emphasised the importance of *positive communication and communicating the future opportunities* this acquisition created for both the company and the employees. In particular, future international job opportunities were mentioned. It was considered important to reduce fears and uncertainties by reassuring employees about job continuity and security. It was acknowledged that recent writing in the media about factories closing around Europe and jobs moving to low cost countries might create fears and insecurities. Moreover, some key persons mentioned that *employees shouldn't be neglected and their importance should be emphasised*. Some brought up the importance of equality within the work place. Furthermore, in autumn 2007 (a year after the acquisition) a few key persons mentioned that *organisational changes should proceed "one at the time" or "at a slow pace"*. In 2007 there had been two organisational changes at the top level of the organisation. Some key persons also emphasised the importance of *experiencing success and seeing synergies realised as a committing factor*. The quotations below illustrate these perspectives:

*...well I think it stems from the motives behind the acquisition, and the motives and motivation of the personnel. Both the buyer and the seller should be able to communicate the motives so that the real reasons*

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<sup>20</sup> The annual report of the case company is not mentioned in the list of references in order to protect the anonymity of the companies involved in the acquisition.

*are explained, and in such a way that every employee understands the reasons why the acquisition makes sense, and it should also be communicated in such a way that every employee feels that the acquisition was important from the point of view of their own work, so that now they have even better opportunities to succeed in their job and maybe build their career path... (a Director, spring 2007)*

*...the most important thing is that experiences of success should follow and that the expectations should be fulfilled, what has been planned and promised should be accomplished, so that we get the new customers and projects we have been talking about... (a Director, spring 2007)*

*...I suppose the most important thing was communication, so that no uncertainties would arise... about whether our jobs would go to India... especially in this case, now that there has been so much discussion in the media about everything going to Asia. So we have consciously invested a great deal in internal and external communication, and emphasised that we are not trying to rationalise operations by going to India, but that growth will continue, not as it was, but on a larger scale, bringing the positive message that work will continue actually better than before...there will be new opportunities, employees can have an international career if they are interested in going to India or somewhere else...so there will actually be more opportunities. (a Director, spring 2007)*

In order to obtain a deeper understanding of how the parent organisation, Gamma India, could commit employees and key persons in Gamma Europe to itself, data were collected both with the questionnaires and interviews. Based on the results from the *qualitative open end questions* in questionnaires 2 in May 2007 and questionnaire 3 in December 2007 the factors most likely to commit workers were *challenging and interesting work, financial incentives, and responsibilities and authority*. Figure 37 below suggests that there would have been a change regarding financial incentives and challenging work. However, the results have to be interpreted critically, as the amount of respondents in December (n = 64) was nearly half of the respondents in May (n = 125). Nevertheless, irrespective of order these results show that the most important factors for generating commitment are related to challenging and interesting work as well as monetary compensation.

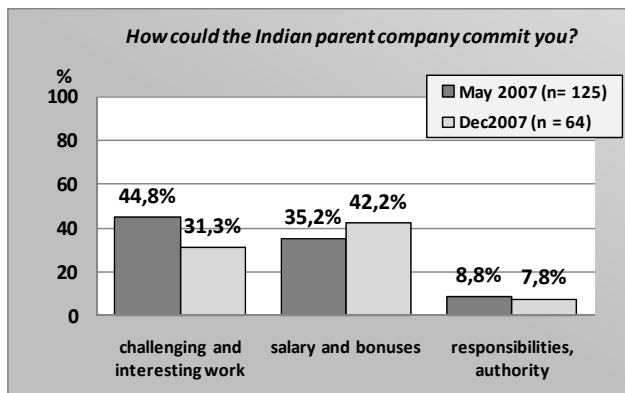


Figure 37 Employees wishes regarding how the parent company could make them to commit to it based on the open end questions from the questionnaire results (May 2007 n = 125, December 2007 n = 64)

The results from the qualitative interviews give support to the findings from the questionnaires. However, there clearly wasn't one committing practice that was greater than another, except for financial incentives. There was great variation on what commits employees and key persons in Gamma Europe, i.e. it depended on individual interviewees what commits them most. Nevertheless, there were differences among key persons and other personnel. *Key persons'* wishes concerning committing factors were related to *responsibilities and challenging work, having opportunities to develop their skills and learn, seeing career opportunities, having freedom within their job or position and receiving recognition for work well done*. Consequently, key persons valued future oriented perspectives, work responsibilities and leadership. On the other hand, *other personnel* wishes were more related to *job security and job satisfaction*. Nevertheless, *financial incentives* were the most important for inducing commitment and much more important for employees than for middle or top managers. Some key persons mentioned stock options or special issues, but pointed out that these were not possible due to the Indian Stock Exchange system. There were also slight differences among CityA (former Alpha) and CityB (former Beta). For example finishing the integration process was mentioned as a committing factor only in CityB as well as clarity and changes in current management and leadership methods. Few key persons mentioned the retention contracts as "forceful commitment". Below are a few quotations from Gamma Europe employees regarding action that Gamma India might have taken to better induce employees to commit to the company.

*...I don't really know. Traditionally some kind of stock options or something like that...but I don't know about that either... as long as I*

*enjoy the work and feel good about it, I feel committed... and it doesn't do any good to go elsewhere, it doesn't make any difference. Even if they double your wage, it might be nice for that month, but then that's it... so it really is about much smaller things... (an Engineering Manager, spring 2007)*

*...when the acquisition took place they tied us down...there hasn't been any motivation, and bonuses...we have our previous bonus system, but no new, personal key person bonuses have been implemented... (a Director, autumn 2007)*

In summary, although financial incentives seemed important, results from both questionnaires and interviews demonstrate that work related issues such as having interesting and challenging work, career opportunities and training and development opportunities as well as recognition for a job well done were considered important. In addition, key persons valued responsibilities and clarity in the organisation and authority, i.e. clear decision making authority within the position or simply power. The retention contract was perceived as a negative committing effort, i.e. as a form of forceful commitment or retention. Nevertheless, the variety in the responses demonstrated how commitment is an individual level issue. In order to really succeed in committing key persons, the results suggest that employers should know their personnel very well, because what works for one doesn't necessarily work for another. Additionally, committing practices should be considered globally and locally. In this case, the fact that key persons were not able to obtain stock options due to Indian legislation was a great disappointment. Nevertheless, some acknowledge that it wouldn't be very committing anyway, as in a bigger company the influence of an individual can barely be seen.

#### 4.3.2 Organisational identification

Organisational commitment is closely linked to organisational identification (see chapter 2.2.2.1.). Thus, this research also studied how the organisational identification of Gamma Europe employees evolved. In both Beta and Alpha there had been a strong organisational culture and identity. Alpha customers had given the company's way of working the nickname the "Alpha way" which meant the "Alpha Spirit". Playing on the double meaning of the word "spirit" salesmen even gave a bottle of alcohol named "Alpha Spirit" as a company gift for a short while. CityB (former Beta) on the other hand had an exceptional organisational culture promoting satisfaction at work and a feeling of togetherness. Nevertheless, both Beta and Alpha grew and with the Gamma

deal they became part of a bigger corporation. The strong local identities of Alpha, especially in CityA, and Beta in CityB diluted slowly. However, one of the reasons why the Gamma identity was established relatively easily was that it was easier to adopt a totally new identity than to make a compromise between Alpha and Beta.

The results imply that in the early integration phase, i.e. nearly 6 months after the acquisition the interviewees still identified strongly with either Alpha or Beta. However, by autumn 2007, most of the interviewees already identified with Gamma. The name had been changed followed by internal marketing, which helped the employees to feel more Gammian. The change of the name was taken positively, with the only exception being at *the distant sites of former Alpha* where employees tended to identify strongly with either the customer Omega or Alpha. Some employees stated that their only contact with the parent organisation was the pay slip. Otherwise they worked at customers' premises with customers' employees.

*...well sometimes still in meetings I might accidentally say Alpha, it just slips out... but little by little it's slowly turning towards Gamma... (a Director, autumn 2007)*

*...well I feel more like I belong to Omega than to Gamma... (a Test Engineer, autumn 2007)*

*...based on my pay slip I belong to Gamma, but as far as my work is concerned, I'm something else... " (an Engineer, autumn 2007)*

Figure 38 below illustrates the level of organisational identification towards both Gamma Europe and Gamma India. It shows how key persons identify more strongly with both Gamma Europe and Gamma India than other employees. Many reasons may explain this. First, some of the key persons were former owners or shareholders of Alpha and Beta. Consequently, many had an entrepreneurial attitude towards the organisations. Secondly, due to their role as managers, they were more involved in the development of the company and were more committed. However, the Mann-Whitney U-tests indicated that, apart from the results from questionnaire 1 in December 2006, there were no significant differences between the key persons and other personnel as regards identification.

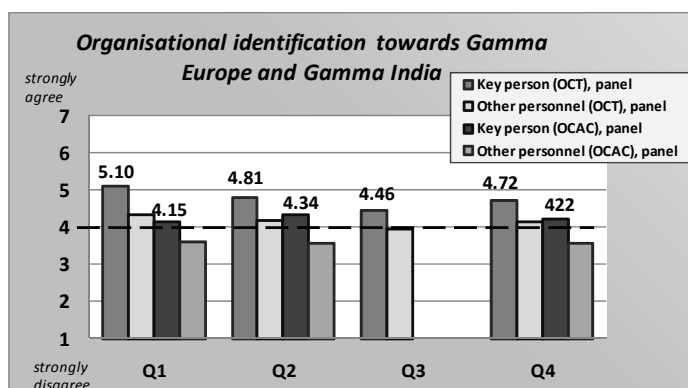


Figure 38 The development of organisational identification towards the parent organisation, Gamma India from December 2006 to June 2008 (means)

Based on the results the organisational identification towards the parent remained relatively stable (see figure 38). Moreover, identification towards the local organisation remained higher than towards the Indian parent company even two years after the acquisition. Some of the interviewees interviewed in distant sites were still wearing the Alpha badge. This was according to one interviewee due to the client's bureaucracy. However, the Gamma identity in Gamma Europe was different from the Gamma identity in e.g. Bangalore. According to some, their identity was the "European Gamma" identity, while some others referred to a "global identity", which is neutral and not based in a country or nationality. The quotations below illustrate these perspectives:

*...Nowadays I feel annoyed that my email address is beta.com, because all our communication states we are Gamma, but if you ask me which company I work for, I say Gamma Europe without thinking... but in a way my identity now is not that global...I'm now an employee in the software department of Gamma Europe... (a Lead Engineer, autumn 2007)*

*I would like to belong to Gamma, because a global brand is always a global brand... I hope that by this spring we will all be Gamma people... (an Engineer Manager 2007)*

There were differences between the sites regarding which issues were important with respect to organisational identity. In CityA (former Alpha) and CityB (former Beta) the biggest reason related to changes in organisational identification was the *growth of the company*. This meant that the "Alpha Spirit" or the "Beta culture" were no longer the same simply because the

company had grown, and not everyone knew everyone. This partially helped the development of the Gamma identity, especially in CityB where the organisation recruited constantly, although the growing amount of new Gammians without a Beta background slowly diluted the “Beta culture”. Nevertheless, some interviewees felt that the original way of working hadn’t changed drastically, even though now they identified themselves as Gammians. Thus, the name change provided a superficial form of identity, but due to the low level of integration the culture and working methods in Europe remained largely as they were.

Both in CityA and CityB, it was felt that there was some tension between the former Alpha and Beta as these were never properly integrated, and had had very strong local identities. Some admitted at Beta, that they never became “Alphans” and thus it might have been easier to adopt a Gamma identity. The local identity was, according to the interviews, much stronger at Beta, and according to one interviewee, the Beta culture or way of working should be exported Europe wide within Gamma. On the other hand, based on the interviews at CityA the interviewees were more concerned about having a unified brand and thought that the name change would in turn maybe bring more unity within Gamma Europe. The local identity “Alpha Spirit” had been strong but it was acknowledged that that was in the past due to the growth. The quotations below illustrate these perspectives in spring 2007, i.e. half a year after the deal and a year after the deal in autumn 2007:

*...we are trying to rebrand, and now we are going to be Gamma – at some point. But that’s more for external communication – the fact is that we are still Beta to some extent, and of course we will try to keep that, because we feel it has been an important factor. We have also discussed that if we start to expand into Europe or elsewhere that we could try to export the Beta way and how it has succeeded elsewhere... (a Director spring 2007)*

*I still have a lot of the Beta identity...I have intentionally tried little by little to get rid of it and expand it into the context, but it doesn’t happen so quickly, so if someone happens to ask me where I work, I will say at Beta... (a Lead Engineer, spring 2007)*

*...there are important cultural differences within Europe if we think of CityB and CityA, which are the only independent sites where we work in our own premises. Sometimes it feels as if there are bigger cultural differences between CityA and CityB than between Europe and India. (an Account Manager, autumn 2007)*



In CityA (former Alpha) the physical distance to the parent company affected identification, and although many felt they were Gammians by autumn 2007 and summer 2008, some felt that the organisation had become faceless. Interestingly, this didn't come up in the interviews at CityB (former Beta). Instead, for many giving up ownership was a big step and affected the way they identified with the organisation. It didn't hinder their identification with Gamma as such but did affect how they viewed their role in the organisation. In fact, one interviewee never truly became a Gammian. These issues didn't come up in interviews at other sites, where the most important factor influencing identification was the location of the customer's premises. They worked together with the customers' employees at the customers' premises, hardly ever seeing other employees from Gamma Europe or even knowing which employees were working for Gamma Europe in the same city they were at. Many stated that they were Omegans, and much rather celebrated summer and Christmas parties with their Omega colleagues. Interestingly, a physical distance was perceived towards CityA (former Alpha), not just India. Many also felt distant from their European parent company, and some missed the proximity of their superiors and every day coffee table discussions with colleagues. Figure 39 below summarises these findings.

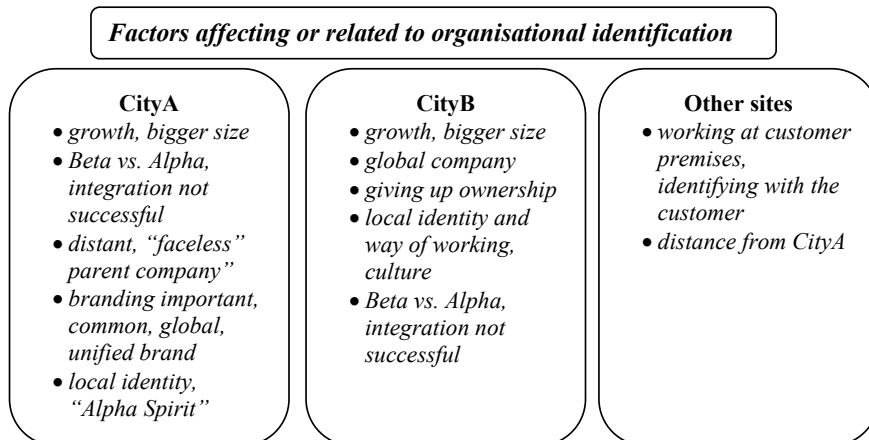


Figure 39 Factors affecting or related to organisational identification at different sites

Overall, the employees adopted a Gamma Europe or Gamma identity rather well, although the meaning and content may differ greatly from the Indian Gammian identity. Nevertheless, local cultures and identities supported the development of a Gammian identity with its local flavour and the results implied that a strong identification towards the local organisation enhanced

identification with the parent organisation (Gamma). Thus *key persons* demonstrated much higher levels of identification. Many key persons were also former owners of either Alpha or Beta. In addition they were more actively involved in the integration phase and were able to see benefits in the acquisition. Moreover, many felt that the companies shared a common history and similar values. Thus, this positive and friendly base enhanced the development of a Gamma identity. In many ways the new joint identity simplified many things, e.g. salespersons were able to sell services under one brand instead of three. However, the adoption of the new identity didn't happen overnight or just by changing the name. Some interviewees admitted they might accidentally still mention Alpha or Beta. However, by summer 2008 these former company names seemed to have largely been relinquished. It is still important to note, that identification with the local or proximity site (either CityA, CityB or distant sites at Omega's locations) was stronger than identification with Gamma even two years after the deal (cf. Kusstascher & Cooper 2005, 141). The main reasons are that it is natural for employees to identify with their immediate work environment and that the level of integration had remained very low. The changing of the name was a superficial change, which gave room for the local culture and identity to develop and change into a new more Gammian one.

#### 4.3.3 Multiple commitments

Multiple commitments were analysed by dividing them into work and non-work related commitments. Work related commitments were work and career commitment. In general, based on the results, the employees appeared to be very committed to their work and relatively committed to their careers as well. In order to define the work commitment of the employees at Gamma Europe they were asked to define what work meant for them. Work for many is an obvious necessity to survive, simply to pay bills and the mortgage, and to be able to support the family. However, work meant much more than just another job. The most important factors related to work *were interesting and challenging projects or assignments, livelihood, learning opportunities, the possibility of influencing their own work and seeing the result of one's work and succeeding in work.*

The most important factor appeared to be interesting and challenging work. For many work was very important, one said he lives through his work and some called themselves a "workaholic" or "work oriented". Two stated that work has been partially a hobby for them, while one enjoyed coding so much that he said that if he wasn't able to do it at work he would do it at home

during the evening. In particular, in CityB the eagerness to learn or have learning opportunities as well as opportunities to develop their capabilities and skills were very important. Some also mentioned that it was important for them to succeed in their work or in a project, and others felt it was important for them to see what they have achieved. All in all, the employees, especially key persons, were very eager to give their input, influence work and achieve at work. Nevertheless, some stated it was important to find a balance between work and leisure time and family. The quotation below illustrate how work represented an inner need for one of the key persons:

*... I have this strange inner need to do exactly what I do in my job... for a short while I was in a role where I wasn't able to do software engineering...here I was writing documents and designing things, so I had to do coding at home...it's a passion, a hobby that turned into work, I would do it anyway, but now I can do it for my living and that's definitely a plus... (a Lead Engineer, spring 2007)*

Although only few declared they were committed to their career, some openly stated that career commitment tends to have a negative connotation, such as opportunistic behaviour. Nevertheless, when approaching the interviewees about how they perceived their career opportunities following the acquisition, many were interested in the future opportunities brought about by the acquisition. Due to the acquisition, the organisation suddenly grew to ten times its previous size and opened up new opportunities.

*...there are certainly plenty of opportunities, but it takes a lot of work and you have to push yourself forward... you can't see all the positions that are possible... the good side is that when you don't know everything you can imagine there are more opportunities available than there actually are...in a small organisation you know exactly who is above you and how the positions are divided...and you can work out that this person will not be retiring for a long time yet, so there are no opportunities, it's a bit different... (a Project Manager, autumn 2007)*

Based on the interviews the *key persons* were, in general, more committed to their careers than other employees. Obviously middle and top management are career or work driven people but there were some differences among the different sites. In CityA (former Alpha) the career opportunities following the acquisition were associated with more challenging and interesting jobs and more career opportunities. On the other hand in CityB (former Beta), the interviewees were interested in receiving more technically challenging jobs and more responsibilities. Also more career opportunities were seen as

resulting from the bigger merged organisation. Interestingly, many were interested in their career and professional development and learning new skills. This difference in attitude can be explained by CityB's employees' relatively younger age and shorter work experience as well as by the shorter length of their organisational tenure when compared to their colleagues in CityA. *At the distant sites of former Alpha*, the majority of the interviewees were not committed to their careers. They were more committed to interesting work, and some were considering leaving the organisation for better work opportunities. Few employees had their own business or another job alongside their work at Gamma Europe. Moreover, the career opportunities in Gamma Europe were not that obvious for employees working on customers' premises. Figure 40 illustrates the work attitudes and career expectations at Gamma Europe.

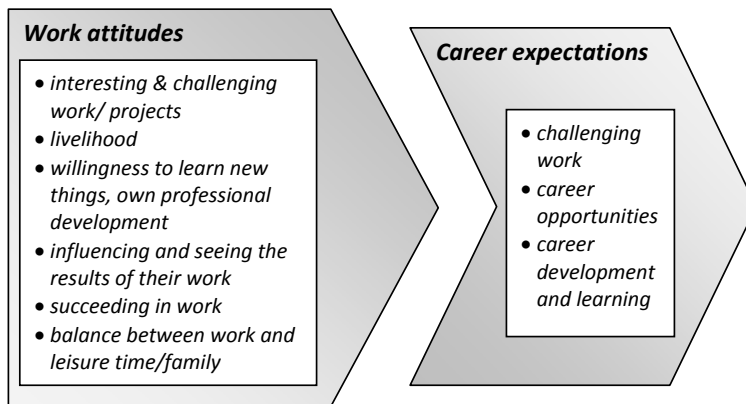


Figure 40 Work attitudes and career expectations at Gamma Europe

This research also analysed non-work related commitments. Interviewees were asked to define the three things in their life they felt the most committed to. The results indicated that in general key persons and other personnel were most committed to their families and only after that to their work. Consequently, work and career related issues were considered from the family point of view, and many stated they would not move abroad e.g. to India to work. They also mentioned hobbies and looking after themselves as a third commitment in their life. However, employees from CityA were very committed to living in their home region.

In summary, the results implied that employees do indeed experience multiple commitments, which seem interrelated (cf. Morrow 1983; 1993; Reichers 1985; Cohen 2003). Employees and key persons valued challenging and interesting projects and wanted to succeed in their work. Nonetheless,

work is a basic necessity, a livelihood, and some emphasised the importance of a balance between their work, family and free time. Key persons also valued career opportunities and challenges. Consequently, it would appear that employees at Gamma Europe can be more easily committed to the organisation by enhancing their work commitment and by offering career opportunities for those who want to move forward in the organisation. However, the results imply that work and organisational commitment are specific to the individual, and thus the best way to manage those regarded as critical for the company would be through personal development discussions.

#### 4.3.4 Turnover intentions and incentives to stay

The underlying assumption of this research was the link between organisational commitment and turnover (cf. Mowday et al. 1979; 1982; Allen & Meyer 1990; Meyer & Allen 1997; Price 2000; Elangovan 2001). As previous research suggests that the loss of key persons may affect the acquisition outcome (e.g. Ranft & Lord 2000; 2002; Schuler et al. 2004; Very 2004), this research also analysed the development of turnover intentions and actual turnover. Based on the interviews, the turnover rate was very small or nearly non-existent in Gamma Europe. Nevertheless, the interviewees mentioned the high turnover rates of India, and some expressed their fears that such numbers would soon be seen in the European units. This research analysed which were the most important incentives to stay or leave Gamma Europe.

The main *incentives to stay* were *interesting work and challenging jobs*. Additionally, having a certain *freedom to fulfil their own aims* as well as having *authority and responsibilities* seemed important in both CityA (former Alpha) and CityB (former Beta). Nonetheless, local employees in CityA felt a deeper connection for their home town. Therefore the company there was felt to be more than just another IT organisation but something belonging to a wider community. Moreover, it offered the possibility to settle down in the region the employees were originally from. Many came from that area, and had built their houses and raised their families there. This represented an important factor for working with Gamma Europe as there was a lack of a similar employer in the region. On the other hand, many felt Gamma Europe was such a good place to work for that they travelled daily up to 70 km one way to go to work. However, in some cases the location meant more than the organisation and very few were willing to follow Gamma Europe's work to another city. In CityB, the emphasis was more on the work related issues rather than the location or family. Issues such as the *positive development of*

*the company, responsibilities related to the position and interesting work* were seen as an incentive to stay. Only a few mentioned *money* as an incentive to stay or leave. In general, *a good offer that contained good working conditions and challenging work* was seen as something that might lure them to *leave the company*.

The most critical key persons were committed to or at least retained in the organisation via a contractual agreement, which required key persons to stay in the organisation for 2 years. At the end of the research process in summer 2008 many of those retained with a contractual agreement had decided to leave the organisation, and the majority came from Beta. The main founders of Alpha had already left the company in autumn 2007. Those who left the company during summer 2008 gave various reasons. The main reason was that the integration process had not proceeded in the direction they wanted to. One admitted that he had decided already two years ago that he would stay as agreed for two years and then he would leave to do something else. Another mentioned the need to work for the organisation. He had, for a long time, worked on a customer's premises, but was eager to work directly for the organisation paying his salary and wanted to be able to develop the organisation together with others. The quotations below illustrate these perspectives:

*...my work at Gamma is coming to an end...Actually, I decided two years ago that I would stay here for two years and then probably look for something new... It was an option that if things go well here and there were plenty of opportunities, and Gamma if had continued in the right direction from my perspective I would probably have continued...it hasn't progressed quite the way I wanted and the environment has impacted the business so that it hasn't grown at the same speed... However, as I see it, the internal problems are the biggest reasons why with this set up the firm can't change in the direction I would like to see... (a Director, summer 2008)*

*...it seems to me that the input that I could offer Gamma wasn't as big as I would have liked... I wanted to be more involved in developing it...in the new job I will not be working at the customer's premises or working directly for the customer any more, I'll be working for the company I'm employed by, and together with others I will be able to develop that organisation...so I will be able to give my input directly to the employer who pays me ... (a Project Manager, summer 2008)*

Based on the interview results it seems that key persons especially value work and career related conditions and challenges. The major reasons for leaving Gamma Europe were related to an inability to fulfil oneself, dissatisfaction with the business development and/or management style, and

personal reasons. Previous research has also shown that diminished relative standing explains the departure of acquired top managers (cf. Hambrick & Cannella 2003). As key persons' voluntary turnover can influence the success of a knowledge intensive acquisition (e.g. Hubbard 1999; Ranft & Lord 2000; 2002), it would appear that their retention might become more efficient by empowering key persons rather than enforcing retention through contracts that are enforced with sanctions.

## 4.4 Discussion

### 4.4.1 The Indian – European acquisition

The results show that the case, i.e. the Indian-European acquisition, was interesting for many reasons. It represented a cross-border acquisition in the high-tech field, where the employees represent the most important asset. Moreover, it is also topical in the respect that it illustrates an acquisition from an emerging economy, namely India (cf. Kumar 2009, 45). In the recent years we have been able to witness a growing amount of important cross-border acquisitions from India, e.g. the acquisition of the British company Corus Steel by the Indian company Tata Steel, which was one of the largest M&As in 2007 (cf. World investment report 2008). Cross-border M&As have increasingly been viewed as a way to stimulate and restructure economies, e.g. emerging economies are now increasingly investing in western countries (cf. Angwin 2007, 4). In addition, research on organisational commitment has also been topical in India (cf. Paul & Anantharam 2004; Bhatnagar 2007; Bhatnagar & Sharma 2009).

In order to better understand how key persons' organisational commitment develops following a cross-border acquisition it was essential to understand the context, i.e. the actual acquisition (cf. Weick 1979; Pettigrew 1990; Dubois & Gadde 2002). Unfortunately, one of the major limitations of this research was related to the anonymity requirement of the case. However, it was important to understand the post-acquisition integration phase of Alpha Group's acquisition by Gamma India. The *integration process* proceeded at different speeds at different levels but on the whole Alpha and Beta, later Gamma Europe, were left rather autonomous and independent, and only a very low level of integration was achieved. Based on the results, the integration process had proceeded much slower than anticipated. The operational integration had taken a relatively long time, and was not yet finalised two years on from the acquisition. HR and cultural integration was limited but the biggest problem was the level of business integration, which remained very

low. The business integration and the achieving of synergies were mainly hindered by the low level of operational integration. Indian top managers seemed to focus more on financial consolidation and quarterly results than true business integration. Alpha was left relatively independent for a long period. Gamma hoped Alpha would just remain on their growth path, which at least in Beta had been very rapid in recent years. Nevertheless, the motives as to why Alpha was looking for a partner in the first place didn't materialise quickly enough. The pressures from the main customer of Gamma Europe (i.e. Omega) and the pressures from the market should have resulted in tighter and faster operational integration in order to enhance *the business integration* and the realisation of the expected synergies. This was because business integration had been sought in order to increase the competitiveness of the entire Gamma Group. There was and is a risk that the acquisition will fail to provide the required solutions quickly enough. Figure 41 illustrates the business integration model at Gamma, and takes into account the different motives and different integration levels.

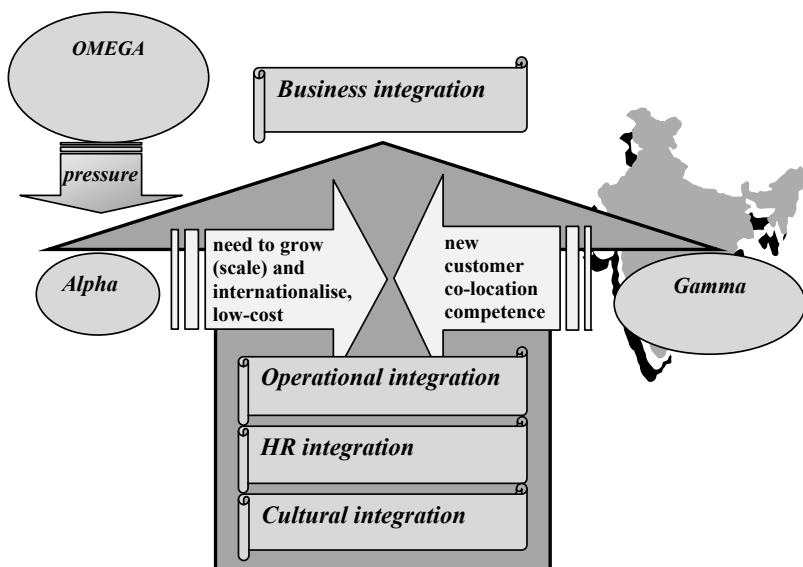


Figure 41 Business integration at Gamma

The results suggest that the greatest difficulties were encountered in operational integration, while HR and cultural integration had remained limited. In fact, much of the integration challenges related to the differences in organisational and national cultural differences. These issues are typical also in domestic acquisitions, and some interviewees mentioned that there was at



least as big a cultural difference between CityA and CityB as between Europe and India. The biggest challenge was, in the case of Gamma and Alpha, to deal with the obvious distance between all the sites and the daily interaction (cf. Risberg 2001, 59).

In general the interviewees hoped that the acquisition would meet expectations regarding *growth, internationalisation, the obtaining of new customers, and the keeping of jobs in CityA, CityB and Europe in general*. Many interviewees stated that human resource and cultural integration would follow operational integration and viewed cooperation with their Indian colleagues as exciting. Although cultural differences had already resulted in cultural clashes, the level of cultural awareness was very high in Gamma Europe, which rendered cooperation a little easier on joint projects. Research implies that in cross-border acquisitions cultural differences are expected and acquirers tend to have high cultural awareness. The managers of the acquired company are less likely to resist changes because of those differences. (Risberg 2001, 59.) However, high cultural awareness doesn't necessarily ensure successful integration, as merging organisations should both accept the terms of integration (cf. Cartwright & Cooper 1993). Accordingly, in this case high cultural awareness did not provide the tools to allow employees of Gamma Europe to deal with the cultural challenges (cf. Risberg 2001, 59). The interaction between people from different cultural backgrounds often leads to misinterpretation or different interpretation. In cross-border acquisitions different management styles may be the reason for many ambiguous situations. (Risberg 2001.) In this case, key persons at Gamma Europe were aware about the differences in e.g. the conceptualisation of time and in the ways of communicating (see also chapter 4.1.5). Nevertheless, this didn't stop misinterpretations and feelings of frustration from occurring. Moreover, based on the interviews cultural awareness was found to be much higher in Gamma Europe than in India. Employees from Gamma Europe often had some knowledge about India and its history, while some Indian top managers assumed some European countries to be similar to Britain (cf. Fang, Fridh & Schultzberg 2004).

The results imply that this friendly acquisition was welcomed positively by middle and top managers and with slight suspicion by other employees. Communication about the motives for the merger and the company's future in the initial information meetings and quarterly meetings following the acquisition managed to somewhat reassure the employees worried about their jobs. The major wishes and expectations regarding the acquisition and integration were, in June 2008, about finalising the integration process, finding common tools, practices and procedures and becoming *one global company*. In line with previous research, the majority of key persons wanted to know the

vision, and the way forward for the newly acquired company and where they and Gamma Europe fitted in (cf. Hubbard & Purcell 2001, 31). Nevertheless, there was no indication of drastic changes in attitudes, and based on the results Gamma Europe was ready for deeper integration in summer 2008. Key persons, middle managers and top managers, were eager to achieve the expected synergies.

In sum, the acquired Gamma Europe was left relatively independent (cf. Haspeslagh & Jemison 1991, 146; Lees 2003, 116). Consequently, achieving the synergies, at least from the acquired Gamma Europe's perspective, has taken longer than expected. It has been suggested that a knowledge intensive acquisition should be handled with care and adopt a slower process that emphasise human integration (Birkinshaw 1999). Moreover, it has been argued that Indian acquisitions are in general successful. The main reasons are the soft approach in global acquisition, i.e. Indian companies have not sought to destabilize acquired companies unnecessarily, and they are aware of the superior local knowledge of the management talent and tend to retain them. (Kumar 2009, 45–47.) This was the case also in this acquisition, where the Indian acquirer identified nearly 50 critical persons and made two year retention contracts with over ten key persons. While many interviewees appreciated the soft approach, the results show that the key persons from the acquired company, i.e. Gamma Europe, were very keen on achieving the motives and synergies they expected Gamma Europe to gain from the acquisition (cf. Hubbard & Purcell 2001). Viewing this Indian–European in the larger context and understanding the whole M&A process from the motives to the post-acquisition integration, provides a more complete picture of the development of key persons' organisational commitment (cf. Weick 1979; Pettigrew 1990; Dubois & Gadde 2002). The next chapters discuss the results in light of the research questions.

#### 4.4.2 The key persons in the acquired company and their organisational commitment

The main focus of this research was to analyse and explain the development of the organisational commitment of the key persons from the acquired company in a cross-border acquisition. The primary research question was “How the acquired key persons' organisational commitment develops following a cross-border acquisition?”. The focus of this research was on the acquired key persons for several reasons. The main reasons were that in knowledge intensive acquisition their retention is important regarding the success of the acquisition (cf. Ranft & Lord 2002; Schuler, Jackson & Luo 2004; Kiessling

& Harvey 2006). The primary research question was divided into three sub-questions. The first sub-question was “*Who are the key persons in the acquired company, and (if their commitment does differ) how does it differ from the organisational commitment of the other personnel?*”.

The longitudinal research design revealed interesting results regarding who the key persons in an acquired organisation were. In line with the definition found in the literature (cf. Hubbard 1999; Ranft & Lord 2000; 2002; Schuler et al. 2004; Very 2004), *key persons* were defined based on their technical or leadership capabilities, and also based on their *attitude*, i.e. *their commitment to the new organisation and its vision*. In addition, the definition of key persons changed during the integration process. Consequently, as the integration process proceeded it was acknowledged that some knowledge may become obsolete, while new knowledge would be required. In fact, from the business integration perspective cultural management and cross-cultural multi-site project management capabilities became more valuable than specific technological knowledge. Thus, the definition of key persons varied depending on the time perspective. *In the short run*, the key persons were those who were identified during the due diligence process. These were identified based on their technical or leadership capabilities. The *key in the long run*, however, seems to be to constantly re-assess and evaluate key persons in a changing environment. Key persons are easy to identify based on their position (cf. Hubbard 1999, 149–150), but personalities, attitudes and characteristics were identified as possibly being more important. Unfortunately, the data available didn’t allow the analysis of the actual change in the identified key persons, as the parent company didn’t re-evaluate their initial list of critical persons during the two years the research was conducted. Moreover the results are based on the interviews conducted in the acquired organisation and reflect the views of both key persons and other personnel. Nevertheless, their perceptions were valuable in understanding what is regarded as important and critical for running the business of an acquired company from a different cultural background.

However, based on the results, it can be said that *those who can change their ways and learn new things and new methods and adjust to meet the needs of a changing environment and organisation are the true key persons worth committing to an organisation and retaining*. As Welch and Welch (1997) well stated, companies need people who are able to be flexible and readily adapt to the changing corporate climate and requirements of its external environment (Welch & Welch 1997, 683). Consequently, it is important that acquirers reassess who the true key persons are in an acquired company, and also acknowledge, as one interviewee stated, that all new key person may not yet work in the organisation, but may need to be recruited. However, some key

persons are very committed to the acquired company, and may become a barrier to necessary change within the organisation (cf. Welch & Welch 1997, 683). Thus it may also be important to identify key persons that are not willing to change and may be unable to commit to the new merged organisation. It might be best to let them go, than to force them stay. The remaining key persons in turn, may represent the heart, brain and muscle of the organisation (cf. Meyer & Allen 1997, 5). In this case, some key persons admitted that they decided that they will leave once the retention contract expires. This doesn't imply they wouldn't have done their best at work. Moreover, based on the interviews, the former CEO of Alpha was opposing the new ways of doing and acted as a barrier to the integration process. Although the former CEO acted in the best interest of the acquired company, some view he was slowing down the integration process.

This case demonstrates well that there is a balance between retaining and replacing key persons to ensure smoother integration. It has been argued that retaining existing key persons may be critical in order to maintain stability and a sense of security among employees (cf. Hubbard 1999, 149–150). Moreover, key persons may be important to retain because they are valuable as a part of a team or group whose knowledge collectively is the source of the acquired firms' technologies and capabilities. There is a risk that their departure may have negative effects on the remaining employees (Ranft & Lord 2002, 433). However, it may be argued that also a retained key person may have negative effects on the emotions of their team or group, when they do not feel motivated or committed to the new organisation (cf. Kustatscher & Cooper 2005, 163–164).

This research also focused on analysing whether key persons' and other personnel's commitment differs. It then aimed to determine by, how much it differed, if it did differ. In other words, the main purpose was to define how key persons differ in relation to the organisational commitment of other personnel. The conceptualisation of someone who was a *committed person* gave in-depth insights into what is regarded as a committed person in Gamma Europe. Challenges in the integration process seemed to be reflected in the changes of the definition of a committed person. Accordingly, problem solving abilities became central to the definition of a committed person a year after the acquisition. Based on the results a committed key person *has the best interest of the company in mind and has a willingness to put extra effort* (cf. Porter et al. 1974; Mowday et al. 1979), e.g. is flexible regarding working hours. This may also reflect a salient characteristic of key persons. However, the acquired Gamma Europe represented a small high-tech company where most of the key persons were previous owners or minority shareholders of the company. Most key persons cared for the future of Gamma Europe and were

eager to see the business grow and become international. For other employees, Gamma Europe was mainly a work place. Consequently, the results imply that an entrepreneurial mindset was an important characteristic, which seemed to comprise organisational commitment.

The results imply that *key persons in Gamma Europe were more committed and identified more with the acquiring company than other personnel*. There were many reasons that explaining this result. For them it was important to see positive outcomes resulting from the acquisition. In addition, they were very committed to achieving the expected synergies. Key persons demonstrated stronger attitudes to the achieving of a successful acquisition for many reasons. The first reasons resulted from their role as former owners or minority shareholders, and their work responsibilities in the organisation, i.e. *personal and work characteristics* (cf. Mowday et al. 1982). Many of them were former owners of either Alpha or Beta, and had worked many years in the company seeing it grow and participating in the building of the company and thus wanted it to continue being successful. Secondly, due to their position they were more involved in the integration process and were more in contact with Indian managers and colleagues (see e.g. Larsson & Lubatkin 2001; Bartels et al. 2006; Raukko 2009a).

In sum, the results imply that the concept of key person in a cross-border setting is complex. The true key persons are those who not only have important knowledge or knowhow, but also those who can change to meet the new requirements. Moreover, it is important to notice that high organisational commitment is not always desired, and may represent a barrier to change (cf. Welch & Welch 1997). Consequently, in addition of actual knowledge or knowhow, key persons need to have personal characteristics such as flexibility and willingness to adjust to changing situations and environments. In addition, the results imply that the definition of key persons changes during the integration process. Consequently, as the integration process proceeded it was acknowledged that some knowledge may become obsolete, while new knowledge would be required. Thus, acquires need to reassess during the integration process who are the key persons in the changing environment. Acquirers should use as many sources of information as possible to assess which key persons embody the knowledge and/or attitude valuable for the acquirer (Hubbard 1999, 150). Additionally, the key persons of small and medium sized high-tech company are often the former owners of the acquired company, and depending on the M&A motives, they may be greatly committed to the acquisition simply because it ensures the business continuity of their business. Thus, the major challenge in these acquisitions, where the key persons may be relatively committed from the beginning, is to meet their

expectations (cf. Hubbard & Purcell 2001). The next chapter discusses the influence cross-border M&As have on organisational commitment.

#### 4.4.3 The influence of cross-border acquisition on the organisational commitment of key persons

The second sub-question was “*How does the cross-border acquisition influence the organisational commitment of key persons?*”. The cross-border M&A influenced the organisational commitment in many ways. First, the Indian-European acquisition resulted in changes in *the antecedents of organisational commitment* (cf. Mowday et al. 1982). Through the M&A former Alpha Group grew from a company of 300 employees, to an organisation part of a corporate of 3000 employees. The M&A led to organisational growth, which was followed by organisational changes. Consequently, key persons found themselves in less significant positions and roles vis-à-vis the whole Gamma organisation. Their responsibilities were suddenly much smaller. This was an important factor in the affecting of decreases in organisational commitment, especially for those key persons with an entrepreneurial mindset. It has been argued that at least in the early phase of integration it is better to give key persons more responsibility than less, and to make the expectations low rather than high (Chaudhuri & Tabrizi 1999, 130). In this case the loss of responsibility and power increased dissatisfaction and decreased commitment. Thus, *the M&A influenced the role and job related characteristics and well as the structural characteristics* (cf. Mowday et al. 1982). The challenges of the integration and the low level of acquirer commitment also created frustration, which influenced *work expectations* (cf. Mowday et al. 1982).

It is important to notice though, that while M&As bring about changes to the antecedents of organisational commitment, these changes may have a positive or negative impact depending on the individual preferences. Everybody lives in an individual reality concerning an M&A event, and people in the same organisation may experience the same merger in a completely different manner. (Kusstatscher & Cooper 2005, 163.) For example, for some key persons M&As may represent new career opportunities while for some others reduced advancement opportunities (cf. Larsson et al. 2001). The results showed statistically significant relationships between organisational commitment to Gamma Europe and Gamma India and acquisition experience (see figures 33 and 35, and Appendix 12).

Second, *the M&A affected organisational commitment and identification*. In line with findings of Kusstatscher and Cooper (2005), key persons and

employees identified with their pre-merger company, and in two years they hadn't yet developed a "we" feeling, although their organisational identification had started to increase and many begun to feel more and more Gammian (cf. Kusstatscher & Cooper 2005, 145). This probably was resulting from low level of integration with the Indian parent company. However, organisational commitment towards both the local organisation and the newly merged organisation decreased steadily. The reasons have been analysed earlier. The main reasons were related to the growth of the organisation, i.e. interviewees stated the identity was not as strong now that the organisation had grown in terms of number of employees, and the integration process (cf. Ivancevich et al. 1987; Buono & Bowditch 1989; Cartwright & Cooper 1992; Hubbard 1999; Ranft & Lord 2000; Lees 2003).

Previous research on organisational identity in M&As has adopted a dual perspective approach by dividing identity into pre-merger and post-merger identity (cf. Bartels et al. 2006; van Dick et al. 2006). Nevertheless, as previous research implies that employees identify with specific organisations (cf. Mael & Ashforth 1992), in this research organisational commitment and organisational identification was viewed as having two dimensions; *one towards the acquirer and one toward the acquired company* (cf. Ketchand & Strawser 2001; Raukko 2009a). The results were in line with Lawler's (1992) principal of proximal rules according to which employees are more easily committed to issues closer to them (Lawler 1992, 334; Cohen 2003, 123–125). Thus, the M&A represented a disruption to the pre-merger organisational commitment and identification, and key persons and employees needed to rebuild their commitment and identification to the new merged organisation. In contrast, the acquiring company needs to gain the commitment of key persons and employees to the new corporate objectives (e.g. Shrivastava 1986, 72).

Finally, *the M&A affected also one of the consequences of organisational commitment, namely turnover or turnover intentions both directly and indirectly* (cf. Ivancevich et al. 1987; Elangovan 2001; Lees 2003). As some key persons left in the middle of the research process, and were not reached by the researcher afterwards, it was hard to tell whether their departure was directly related to the M&A. However, the results imply that some key persons left because they opposed the new way of management (cf. Lees 2003, 144). Moreover, some became frustrated in the way the post-acquisition integration phase was managed (cf. Birkinshaw 1999, 39). Those key persons, who openly told about their turnover intentions in summer 2008 little before their retention contract expired, gave many other reasons. Some needed new challenges, and some key persons as well as employees at the distant sites were unsatisfied with their work in-between two organisations. A few

interviewees simply wanted to do something else, take a break from working life and spend more time with their family. Consequently, the M&A seemed to have direct and indirect effect to turnover intentions and turnover. It enabled former owners and minority shareholders to feel financially secured, and realise other plans or dreams.

In sum, *cross-border acquisition may have direct or indirect influence on organisational commitment*. The direct influences of cross-border acquisitions are related to how the key persons experience the acquisition and what their perceptions are (cf. Kusstatscher & Cooper 2005, 163–164). Moreover, M&As represent a disruption to organisational identification and commitment towards the pre-merger organisation (e.g. Bartels et al. 2006; van Dick et al. 2006; Raukko 2009a). On the other hand the indirect influence are related to the changes brought about by the M&A in the organisation, individuals work and career opportunities, i.e. to the antecedents of organisational commitment such as role and job characteristics, structural characteristics and work expectations. Moreover, an M&A may increase turnover intentions both directly, i.e. former owner resigns after selling his share of the organisation, or through decreased organisational commitment. The next chapter discusses the ways to gain key persons' commitment in cross-border acquisitions.

#### 4.4.4 The ways to induce key persons commitment to the acquiring company

The third sub-question was “*How can acquired key persons be induced to commit to the acquiring company?*”. This research question was analysed from the perspective of the key persons of the acquired organisation (cf. Lämsä & Savolainen 2000; Meyer & Smith 2000). Based on the results, *the commitment practices* that did develop resulted from local circumstances as the parent company cannot be said to have implemented any schemes to make employees from the acquired organisation commit to the acquiring organisation. From the Indian perspective attrition or voluntary turnover was very low in Europe; i.e. 2% to 3% compared to 10% to 20% in India. Lifelong commitment to an organisation used to be a tradition for employees in India. However, globalisation, deregulation and the short supply of software professionals has given IT employees a bargaining edge over their employers (Paul & Anantharaman 2004, 77). Consequently, considering the turnover rate at Gamma India, which was over 20%, employee turnover was not considered critical in Gamma Europe. In addition, employees that were considered critical were retained with a two year contract.



The results implied that from the employees' and key persons' perspective financial incentives seemed important, but work related issues such as having an interesting and challenging job, career opportunities and training and development opportunities as well as recognition for a job well done were considered important *committing practices*. In addition, key persons valued responsibilities and clarity in the organisation and desired authority, i.e. they wanted clear decision making authority in their position or simply power. The retention contract was perceived as a negative committing effort, i.e. a form of forceful commitment or retention. It has been argued that the way HRM practices are implemented might have more important consequences for employee attitudes than the number of HRM practices put into place (Edgar & Geare 2005). According to previous studies, the key persons of this case study were looking for a clear direction from their new owners. Many would rather leave than wait in such a situation of uncertainty (Chaudhuri & Tabrizi 1999, 128). In this case some key persons decided to leave because their role in the organisation had changed, hence their power in the company had decreased, and they were frustrated by the slow pace of the integration (cf. Hambrick & Cannella 1993). Synergies took much longer to realise than they could anticipate which also increased their frustration with the M&A and negatively affected their commitment towards Gamma (see turnover in Appendix 10).

Additionally, the perception of organisational support for employees may play an important mediating role (Meyer & Smith 2000, 329). In this case, the retention contract was not viewed positively, and the differences in management and manager-employee relationship were in some cases decreasing commitment. It has been suggested that managers need to look at structures and processes which encourage participation and decentralized authority so that employees become more involved in their organisation (Brewer 1996, 33). However, although key persons were involved in the integration process, many felt that their role and responsibilities had decreased. It has been argued, a lack of freedom for employees to use their own initiative in their work, plus the perception of an increased power differential between management and employees, a lack of recognition for work done and a lack of participative processes may lead to a decrease in commitment (Brewer 1996, 33). These results may explain why organisational commitment decreased slightly.

It has been argued that most high-tech companies give stock options to their people (Chaudhuri & Tabrizi 1999, 127). According to the results, this would have been a good committing practice especially for those key persons with an entrepreneurial mindset. Nonetheless, due to the Indian regulations it wasn't possible to use stock options to increase key persons' organisational commitment. Moreover, some of the key persons stated it would have had less

meaning to own stock options in a company of 3000 employees rather than 300 employees. It was also noted by the key employees that the influence and effect one person has on the overall success of a company is less evident the bigger the company is and this can be said to have been a factor in reducing their commitment too. Consequently, the result imply changes in the antecedents of organisational commitment such as role and job characteristics and structural characteristics (cf. Mowday et al. 1982) may lead to a need of new committing HRM practices while others become obsolete. Furthermore, the definition of commitment as well as the HRM practices may differ from one culture to another, thus what works in India doesn't necessarily work in Europe (e.g. Bhatnagar 2007; Bhatnagar & Sharma 2009).

In sum, the variety in the responses demonstrated *how commitment is an individual level issue*. In order to really succeed in committing key persons, employers should know their personnel very well, because what works for one doesn't necessarily work for another. In cross-border M&As knowing the source of commitment can help in defining the right bundle of HRM practices (cf. Cohen 2003, 1990). Also of importance is the observation that committing practices should be considered globally and locally (cf. Aguilera & Dencker 2004).

#### 4.4.5 A framework of the development of key persons' organisational commitment in cross-border acquisitions

The main research question was "*How the does the acquired key persons' organisational commitment develops following a cross-border acquisitions*". The results imply that organisational commitment, *towards both the acquiring and the acquired organisation*, decreased slightly but steadily over the first two years. In general, based on the qualitative interviews *factors that decreased organisational commitment* were organisational changes, reduced power, the challenges related to the integration process and the change from being an owner to only being an employee. In the case study, key persons had great expectations regarding growth and internationalisation related to the acquisition. Thus, disappointment in the slow speed of achieving the synergies was an important factor in decreasing the level of commitment. On the other hand, *factors increasing organisational commitment* were related to the integration process and realising that the company would survive the M&A. Thus, the results of this research show that the development of organisational commitment, irrespective whether organisational commitment is increasing or decreasing, is complex in the context of a cross-border acquisition.

The results imply that *cross-border M&As affect organisational commitment in several ways, and they may have direct or indirect influence on organisational commitment*. The *direct influences* of cross-border acquisitions are related to how the key persons experience the acquisition and the integration process. This result is in line with previous research suggesting that the human resource “problems” related to integration are e.g. low motivation, increased dissatisfaction, low commitment and performance, stress, leadership and power struggles, and high employee turnover (e.g. Buono & Bowditch, 1989; Cartwright & Cooper 1992; 1999; Hubbard 1999; Very et al. 1997; Krug & Hegarty, 1997; Birkinshaw et al. 2000; Risberg 2001; Kusstatscher & Cooper, 2005; Klendauer & Deller 2008). Moreover, M&As represent a disruption to organisational commitment and identification towards the pre-merger organisation (e.g. Bartels et al. 2006; van Dick et al. 2006; Raukko 2009a). The results imply that organisational identification is strongly related to organisational commitment (see also Kusstatscher & Cooper 2005; Riketta 2005; Van Knippenberg & Sleebos 2006; Raukko 2009a), thus the disruption of organisational identification represents an *indirect influence* on organisational commitment. In addition, the indirect influence is related to the changes brought about by the M&A in the organisation (i.e. growth), individuals’ roles and job descriptions as well as career opportunities. Thus, the M&As may influence organisational commitment indirectly by inducing changes in the antecedents of organisational commitment such as role and job characteristics, structural characteristics and work expectations.

Moreover this research focused on how to induce the commitment of key persons, from their perspective. The retention contract can be viewed as one of the *committing practices* of the acquired organisation and a way to “lock the brains in” (see Lees 2003, 164), although based on the results this was seen as a negative way to retain key persons using sanctions. Thus, it might be better to let those key persons who feel that they cannot commit to the new merged company, leave the company. However, the remaining key persons would be truly committed to the organisation (cf. Meyer & Allen 1997, 5), and may need less committing efforts from the acquiring company. Nevertheless, the results of this longitudinal research show that the development of organisational commitment can be influenced by the M&A during the integration process. Consequently, even though key persons would be highly committed when the deal is closed, the acquiring company should maintain their commitment throughout the integration process and later. Although monetary incentives were seen as an important committing factor, key persons valued greatly also less tangible issues such as *responsibilities and challenging work, having opportunities to develop their skills and learn,*

*seeing career opportunities, having freedom within their job or position and receiving recognition for work well done.* The results imply, that in order to really succeed in committing key persons, employers should know their personnel very well, because what works for one doesn't necessarily work for another. In cross-border M&As knowing the source of commitment can help in defining the right bundle of HRM practices (cf. Cohen 2003, 1990). Also of importance is the observation that committing practices should be considered globally and locally (cf. Aguilera & Dencker 2004). The definition of commitment as well as the HRM practices may differ from one culture to another, thus what works in India doesn't necessarily work in Europe (e.g. Bhatnagar 2007; Bhatnagar & Sharma 2009).

This research didn't focus as such on the relationship between HRM practices and organisational commitment (cf. Meyer & Allen 1997; Meyer & Smith 2000; Paul & Anantharaman 2004; Edgar & Geare 2005). This research analysed and explained the development of organisational commitment in relation to other key concepts such as organisational identification and turnover intentions as well as using a multiple commitment approach (cf. Morrow 1983; 1993; Cohen 2003). The results regarding *organisational identification* are in line with literature suggesting it may take long time before the employees start to develop a "we" feeling towards the newly merged company (cf. Kusstatscher & Cooper 2005, 145). Accordingly, nearly two years after the acquisition almost all interviewees felt Gammian. However, due to the previous M&A between Alpha and Beta, in which cultural integration was slow, the employees in general adopted the new Gamma identity in a positive way as it represented an alternative to being Alpha or Beta. These results imply that it is important to view organisational commitment and organisational identification as having two dimensions; *one towards the acquirer and one toward the acquired company* (cf. Ketchand & Strawser 2001; Raukko 2009a). Moreover, in line with previous research, the results show that *organisational identification correlates strongly with organisational commitment* (e.g. Kusstatscher & Cooper 2005; Riketta 2005; Van Knippenberg & Sleebos 2006; Raukko 2009a). (see also Appendix 13)

Furthermore, the results implied that employees do indeed experience *multiple commitments* that appear to be interrelated (cf. Morrow 1983; 1993; Reichers 1985). There are different views on how various employee commitments relate to each other, and the results have been inconsistent (e.g. Randall & Cote 1991; Morrow 1993; Cohen 2003; Carmeli & Gefen 2004; Cohen & Freund 2005). However, the results of this research give support to the Lawler's (1992) theory or principal of proximal rules. Based on the results, employees can develop a stronger attachment to the job, which is the closest target in the immediate work environment, than to his/her career or

organisation, which can be perceived as more distant. (Cohen 2003, 123–124.) Thus, the results also give support to previous research suggesting that work or job commitment would be an antecedent and even a requisite for organisational commitment (cf. Nummela 2004). Consequently, it has been suggested that the more the employee is satisfied with his/her work, the more the employee may feel committed to the organisation (cf. Cohen 2003, 123–124). In addition, the more the organisation is able to meet expectations related to work and career the more the employees may experience organisational commitment. Nevertheless, high commitment to work does not automatically imply high commitment to an organisation. In Gamma Europe work commitment was closely related to project commitment or customer commitment, which may lead to the unwanted turnover of key persons and a spinoff company, as a case in spring 2007 showed. The results also imply that key persons' commitments are very individual specific (cf. Kusstatscher & Cooper 2005, 164).

Career and work commitment correlated positively with organisational commitment and negatively with turnover intentions, meaning the more that employees or key employees are committed to their work and career the less turnover intentions they have. Moreover, turnover intentions correlate strongly with organisational commitment to both the acquired and the acquirer. Consequently, the more a key person is committed to the target and/or the acquiring organisation the less he/she is willing to leave that organisation (cf. Mowday et al. 1982; Allen & Meyer 1990; Price 2000; Elangovan 2001). Moreover, having alternative employment available correlated positively with turnover intentions, implying that the more an employee has *alternative job opportunities* the more he/she has turnover intentions. It has also been suggested that employees who have low commitment and no desire to stay in the organisation, i.e. have high M&A-related desire to leave, but have low ease of movement, might stay because of obligation e.g. due to poor employment situation. (Larsson et al. 2001, 613–614; Meyer & Allen 1991, 73–74.) Many of the key persons from the former Alpha group were very committed to the region they lived in, and because Gamma Europe was the only employer in the region offering work in the high-tech field its personnel had less turnover intentions than personnel from Beta. Nevertheless, the lack of alternative job opportunities may reinforce organisational commitment, i.e. continuance commitment (cf. Meyer and Allen 1997). (See correlation tables in Appendix 13). Figure 42 illustrates the main findings in a modified framework for organisational commitment during M&As.

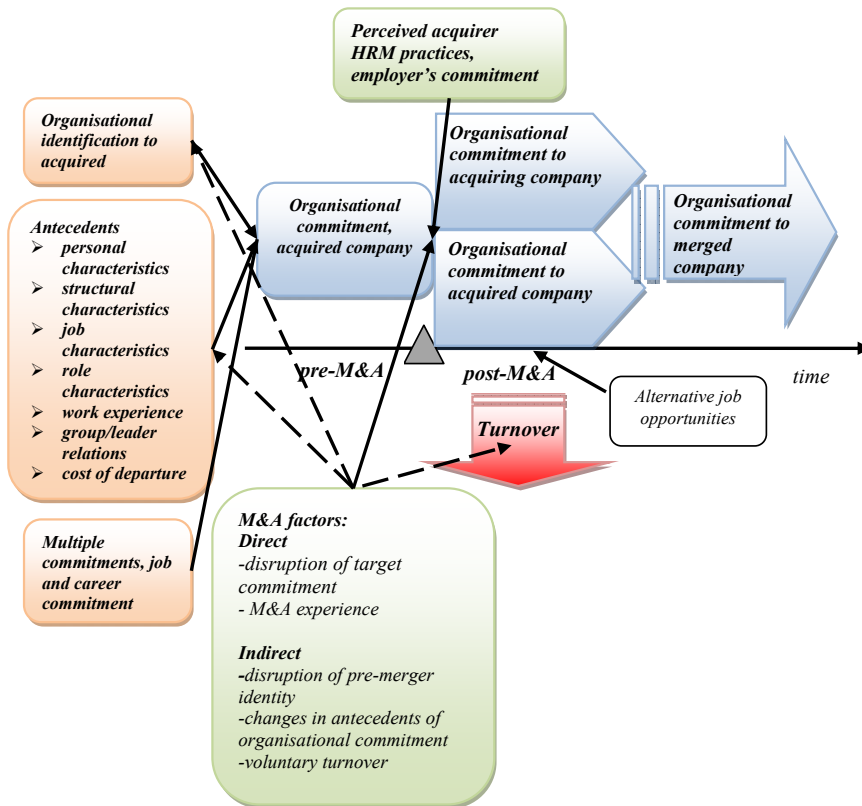


Figure 42 A framework of a key persons' organisational commitment in cross-border M&As

The framework proposed in figure 42 is in line with the original framework proposed in the theoretical chapter, although the main changes were related to the extent of the influence of cross-border acquisitions on organisational commitment. This research suggests that cross-border M&As influence organisational commitment indirectly through changes in the antecedents of organisational commitment and the disruptive effect on organisational identification. Previous research has shown that diminished relative standing, i.e. lower status and removal of autonomy, explains the departure of acquired top managers (cf. Hambrick & Cannella 1993) and may lead to lower performance (cf. Very et al. 1997). Consequently, changes in the antecedents of organisational commitment may lead to lower commitment and even turnover. Cross-border M&As may also influence turnover directly in cases where e.g. owners leave the organisation after selling it. It is important to notice that *employees experience and react to acquisitions differently*, and some employees may perceive acquisitions as opportunities and not necessarily only as a threat (Ivancevich et al. 1987, 20–22; Kusstatscher &

Cooper 163–164). Thus cross-border M&As may have a negative or a positive influence on employees, and some it may not affect at all.

In general the development of organisational commitment is influenced by pre-merger commitments and organisational identifications, as well as antecedents, the actual M&A, and acquirer's committing efforts. Based on the results, the lack of committing practices was not seen as important, and many understood the problems related to local and global HRM practices. However, some key persons questioned the overall relevance organisational commitment. Changes in the working environment suggest that neither employers nor employees are or should be committed anymore (Meyer & Allen 1997, 4–5). Interestingly, the concept of *employer commitment* came up in the interviews. The acquirer commitment and visibility were seen as committing factors as such. Accordingly the way key persons and employees from the acquired organisation perceive the commitment of the acquirer can be important when gaining the commitment of key persons.

The *organisational commitment to the acquirer correlated strongly with acquiring company commitment*, which implies that strong organisation commitment to acquiring, target organisation enhances commitment towards the acquiring organisation (see Appendix 13). Nevertheless, if key persons are very committed to the acquired company, they may become a barrier to necessary change within the organisation (cf. Welch & Welch 1997, 683). However, it has been argued that although longer tenured acquired top managers may have troubles adapting to change, it does appear that their perspectives and knowledge bases offer more unique value after the acquisition than may have been expected (Bergh 2001, 615–616). Based on the results, it can be said that *those who can change their ways and learn new things and new methods and adjust to meet the needs of a changing environment and organisation are the true key persons worth committing to an organisation and retaining* (cf. Welch & Welch 1997, 683). Many key persons left the organisation during summer 2008, but were quickly replaced. As the data collection ended in June 2008, the impact of the departure of the key persons was not studied.

In summary, this research shows that the development of key persons' organisational commitment is a very complex phenomenon in cross-border acquisitions. A cross-border acquisition can influence the key persons' organisational commitment in many ways. Consequently, in order to analyse and explain the development of organisational commitment it was necessary to understand the whole acquisition from the acquirer's and acquired company's perspective (cf. Bakerma & Schijven 2008, 697). Furthermore, the results imply that a multiple commitment approach was beneficial when analysing the development of organisational commitment in the context of cross-border

acquisitions. Employees can have varying commitment profiles and their commitments may be in conflict with one another e.g. commitment to work or non-work commitments such as family. Thus in order to better understand organisational commitment, it should be analyzed in relation to other commitments. (cf. Reichers 1985, 469–470; Meyer & Allen 1997, 17–21; Cohen 2003, 190.) In this research, many key persons from the acquired company had an entrepreneurial mindset. For them the success of the acquisition was very important.



## 5 CONCLUSIONS

### 5.1 The main findings

The main research problem is thus “*How does key persons’ organisational commitment develop in the acquired company after a cross-border acquisition*”. This research question was divided into the following sub-questions:

1. *Who are the key persons in the acquired company, and (if their commitment does differ) how does their commitment differ from the organisational commitment of other personnel?*
2. *How does the cross-border acquisition influence the organisational commitment of key persons?*
3. *How can acquired key persons be induced to commit to the acquiring company?*

The main results regarding the first research problem “*who are the key persons in the acquired company*” implies that there is no simple answer. It has been argued, that one of the most difficult aspects of any acquisition is trying to determine which acquired employees are considered key and which are not. The challenges are related to understanding the relative importance and performance of the acquired employees vis-à-vis the target employees, as well as any potential overlaps. (cf. Hubbard 1999, 149–150.) The results of this longitudinal research imply that key persons can be defined by the knowledge and skills they possess and by attitudinal factors. Moreover, the results imply that key persons are those who are committed to the newly merged organisation and its development. Accordingly, the true key persons are *those who can change and adjust to meet the needs of a changing environment and organisation* (cf. Welch & Welch 1997, 683).

Furthermore, it is important to acknowledge that *there are different key persons at different stages of any post-acquisition phase* (cf. Hubbard 1999, 149–150). As this case illustrates, it may be important to retain the original managers and leaders may be critical in order to maintain stability and a sense of security among employees (cf. Hubbard 1999, 149–150). However, in some cases the old management team can hinder the post-acquisition integration. In addition, some knowledge can become obsolete or the requirements may change as the post-acquisition integration proceeds. Accordingly, the acquirer

may need to recruit *new key persons*. These often bring their capability and knowledge without any baggage. Furthermore, as the results of this longitudinal research implies that the definition of key person is dynamic in the context of cross-border acquisitions, it is crucial to reassess during the integration process who are the key persons, who are willing to commit to the goals and objectives of the new objectives and can change to meet new changing requirements (cf. Shrivastava 1986; Welch & Welch 1997).

In order to obtain a better understanding about key persons this research also analysed *how their organisational commitment differs from other employees' organisational commitment*. The results imply that, at least in small and medium sized high-tech companies, the key persons tend express stronger attitudes than other employees. Consequently, key persons were more committed and identified more towards both the acquiring and acquired organisation. Based on the results, the main reasons were related to the role of a key person as a former owner and/or a long career in the acquired organisation participating in the growth and development of the company. Moreover, due to their position in the organisation some had been involved in the M&A negotiations and selecting the acquirer. In general key persons were often actively involved in the integration process, and had regular contacts with India (see e.g. Bartels et al. 2006; Raukko 2009a; 2009b). Furthermore, when defining the concept of committed persons, key persons emphasised the characteristic of "*having the best interest of the company in mind*". This seemed to characterise the key persons in this case study. However, statistically there were no significant differences between the key persons and other personnel when analyzing organisational commitment towards acquirer or acquired company. Nevertheless, it is *important to note that high organisational commitment is not always a positive thing*, i.e. key persons highly committed to the acquired company, may represent a barrier to change (Welch & Welch 1997).

The second research questions analysed *how a cross-border acquisition influences the organisational commitment of key persons*. The results imply that *cross-border M&As affect organisational commitment in several ways, and they may have direct or indirect influence on organisational commitment*. The *direct influences* of cross-border acquisitions are related to how the key persons experience the acquisition and the integration process. Moreover, M&As represent a disruption to organisational commitment and identification towards the pre-merger organisation (e.g. Bartels et al. 2006; van Dick et al. 2006; Raukko 2009a). The results imply that organisational identification is strongly related to organisational commitment (see also Kusstatscher & Cooper 2005; Riketta 2005; Van Knippenberg & Sleebos 2006; Raukko 2009a), thus the disruption of organisational identification represents an

*indirect influence* on organisational commitment. In addition, the indirect influence is related to the changes brought about by the M&A in the organisation (i.e. growth), individuals' roles and job descriptions as well as career opportunities. Thus, the M&As may influence organisational commitment indirectly by inducing changes in the antecedents of organisational commitment such as role and job characteristics, structural characteristics and work expectations.

Finally, the third research question was: *How can key persons in the acquired company be induced to commit to the acquiring company?* In general financial incentives were important, but key persons valued also less tangible issues such as future oriented perspectives, work responsibilities and leadership. However, the variety in the responses demonstrated how commitment is an individual level issue and that what works for one person does not necessarily work for another (cf. Kusstatscher & Cooper 2005, 164). In order to really succeed in committing key persons, employers should know their personnel very well, because what works for one doesn't necessarily work for another. In cross-border M&As knowing the source of commitment can help in defining the right bundle of HRM practices (cf. Cohen 2003, 1990). Moreover, committing practices should be considered globally and locally (cf. Faulkner et al. 2002; Aguilera & Dencker 2004).

Concluding, this research shows that *the development of key persons' organisational commitment is very complex in the context of cross-border acquisitions*. A cross-border acquisition can influence the key persons' organisational commitment in many ways. Cross-border acquisitions should not be viewed in isolation, but as one part of means to implementing the corporate strategy (cf. Bakerma & Schijven 2008, 697). Consequently, in order to analyse and explain the development of organisational commitment it was necessary to understand the context of the acquisition. The results show that in a small and medium sized high-tech company the key persons can be very involved, interested in and committed to the growth and internationalisation of the company. Furthermore, the results imply that a multiple commitment approach was beneficial when analysing the development of organisational commitment in the context of cross-border acquisitions (cf. Mowday 1983; 1993; Reichers 1985; Cohen 2003). It has been suggested that the retention of key persons may be crucial for the success of the acquisition (cf. Ranft & Lord 2000; 2002; Schuler et al. 2004; Very 2004; Kiessling & Harvey 2006). Consequently, in order to obtain a better understanding of key persons in knowledge intensive acquisitions, this research focused on the development of key persons' organisational commitment in the acquired organisation (cf. Lämsä & Savolainen 2000; Meyer & Smith 2000).

## 5.2 Academic contribution

This research has several academic contributions. *The main contribution of this research is in the field of M&A.* Most of the research focusing on employee turnover or retention has focused on top managers' turnover during the post-acquisition integration phase (e.g. Walsh 1988; Cannella & Hambrick 1993; Very et al. 1997; Krug & Nigh 1998; Bergh 2001; Davis & Nair 2003; Angwin 2004b, Schoenberg 2004; Krug & Shill 2008). Furthermore, prior research has generally viewed the post-acquisition process from the acquirer's perspective (e.g. Chatterjee et al., 1992; Pablo, 1994; Graebner, 2004). This research has adopted *the acquired key persons' perspective* in order to obtain a better understanding of the development of organisational commitment from their perspective. This approach was taken because research focusing on merely top management turnover provides a very limited picture of the problems related to acquisition related turnover (cf. Walsh 1988; Cannella & Hambrick 1993; Very, Lubatkin, Calori & Weiga 1997; Krug & Nigh 1998; Bergh 2001; Davis & Nair 2003; Krug 2003; Angwin 2004b, Schoenberg 2004; Krug & Shill 2008). It has been argued, that unplanned personnel losses occur at all levels, not only among top executives (e.g. Cartwright & Cooper 1999, 47; Ranft & Lord 2002, 432–433; Very 2004, 80). Moreover, this research contributes to field of M&A by providing a dynamic conceptualisation of key persons from the acquired company in the context of cross-border acquisitions. The results imply that *there are different key persons at different stages of any post-acquisition phase* (cf. Hubbard 1999, 149–150). Moreover, key persons are those *who are able to be flexible and readily adapt to the changing corporate climate and requirements of its external environment* (cf. Welch & Welch 1997, 683).

The contributions here to *the field of organisational commitment* are related to *the attempt to explain the development of organisational commitment*. It has been argued that only a small amount of research has been conducted which would focus on understanding how various commitments develop in general during a major organisational change process, such as the post-acquisition stage (cf. Beck & Wilson 2001; Fairfield-Sonn et al. 2002; Cohen & Freund 2005). One of the major contributions of this research was to adopt *a dual approach to organisational commitment in the context of cross-border acquisitions*. It has been argued it may take years for the acquired employees to really feel committed to the acquirer (cf. Kusstatscher & Cooper 2005, 145). Consequently, instead of distinguishing between pre and post-merger attitudes (cf. Bartels et al. 2006; van Dick et al. 2006), this research analysed organisational commitment in relation to *both the acquired and acquiring company* (cf. Raukko 2009a). This approach was also methodologically

sounder, as access was gained only after the acquisition took place and the focus was on real time data collection. Moreover, this approach also was in line with Lawler's (1992) theory of principal of proximal rules, which also explained the relation between multiple commitments (cf. Lawler 1992; Cohen 2003). The methodological approach provided a useful means to study the development of organisational commitment. Qualitative research focusing on understanding and analysing the development of commitment and commitment building is still relatively scarce (cf. Mowday et al. 1982; Cohen 2003).

Finally, this research also has a *methodological contribution*. Consequently, this research shows that by drawing upon the benefits of both the quantitative and qualitative approach and using existing theories as an initial framework a richer understanding of the phenomenon under scrutiny can be achieved. (cf. Stiles 2003, 269–270.) Moreover, it has been argued that M&A research has tended to develop along discipline-based lines, which has brought detailed insights into a number of aspects, but has hindered the development of a more holistic understanding of what determines the performance of M&As and what consequences they bring (Cartwright & Schoenberg 2006, S1–S2). Longitudinal studies on both M&As and organisational commitment are still rare, mainly because it is difficult to maintain a representative sample size over time (cf. Mowday et al. 1982, 71; Cohen & Freund 2005, 3; Cartwright & Schoenberg 2006, S3). However, as this study shows, longitudinal case studies may provide an excellent ground for a deeper and more holistic understanding of the human resource aspects and consequences of M&As.

### 5.3 Managerial contribution

The managerial contribution of this research was evident. The intensive research process provided valuable information to the top managers of both Gamma Europe and Gamma India in the form of reports based on the surveys and a final report. The results did not help to manage the Alpha Group-Gamma India acquisition as such, as the research took place real time and the researcher was acting as an observer and not as a consultant. Moreover, the results regarding employee attitudes were never drastic or important enough to have required immediate action. However, the detailed description of the integration process provided valuable information for retrospective reflection and learning from the case (cf. Very & Schweiger 2001; Dubois & Gadde 2002). A meeting with the CEO of Gamma Europe in June 2008 confirmed the adequacy of the findings and the importance of the results. The researcher was

asked to debrief these results in a meeting with the Board of Directors later this year.

More generally, the managerial contributions are two-fold. First, this research provides valuable insights into who may be the key persons to retain in a knowledge intensive acquisition. Acquirers should, if possible, try to evaluate which key persons have the necessary knowledge and right attitude to fit the new requirements in the merged organisation. Second, this research provides insights into the committing practices in M&As. Acquirers should understand the dual nature of organisational commitment in the context of M&As. Cross-border acquisitions have a disruptive effect on key persons' organisational commitment towards their own organisation, and they impose the need to rebuild organisational commitment in terms of the acquiring organisation and the newly merged organisation. Additionally, organisational commitment has to be viewed in the context of the role of a key person in an organisation, his/her background in that organisation and other non-work and work related commitments. Consequently, there is no universal way of committing key persons as such, as what commits one does not necessarily commit the other.

#### 5.4 The limitations of the study and future research opportunities

The single case study is often criticized for its limitation regarding generalisability, and thus multiple case studies have been used in order to increase external validity (Miles & Huberman 1994; Yin 2003). As Dubois and Gadde (2002) also suggest, learning from a particular case should be considered as strength rather than a weakness (Dubois & Gadde 2002, 554). This in-depth case study doesn't attempt to derive traditional generalisation, but rather transferability (Lincoln & Cuba 1983). Nevertheless, this case study has limitations regarding transferability due to the anonymity requirements of the case. Although the country of origin had to be vaguely referred to as in Europe, the researcher is not suggesting that all small and medium sized high-tech companies would be similar in all European countries. On the contrary, cultural aspects need to be considered, in addition to the theoretical implications. However, the researcher has done her best to accurately describe in a detailed and honest manner the entire research process and challenges related to it in order to increase the transferability. This case also represents a rather typical foreign acquisition by Indian firms, where Indian companies are motivated by acquiring complementary competencies and acknowledge the importance of local knowledge (cf. Kumar 2009, 45– 47). The results of this

research are more easily transferable to acquisitions with similar context and motives as the case represented in this research.

Methodological limitations were related to the single case setting and the attitudinal nature of the quantitative questionnaire, which limited the depth of the statistical analyses. Moreover, based on the results, the three component model of commitment (cf. Allen & Meyer 1990) would have been better in defining the different aspects of organisational commitment. The OCQ of Porter et al. (1974) is limited to affective commitment, which was the focus of this research. Nevertheless, as other commitments and alternative job opportunities are important in determining the strength of organisational commitment, the analysis of continuance and normative commitment would have shed more light on the definition of organisational commitment. However, as part of the lengthy questionnaire the OCQ worked well with other constructs and was a good choice, even when all alternatives are taken into consideration.

Another limitation of this research is related to its theoretical development. The framework was revisited along the process as some new themes emerged during the interviews. However, the large amount of data generated during the real time longitudinal data collection process forced the researcher to remain focused on the key concept, i.e. organisational commitment and its development over time. Nevertheless a deep case study as this one was could have benefited from a systematic combining approach as suggested by Dubois and Gadde (2002) in order to systematically develop existing theories. Moreover, investing in theory can improve the explanatory power of case studies (Dubois & Gadde 2002, 555). Eisenhardt and Graebner (2007) suggest that a multiple case strategy would increase the analytical power of the research, and thus theory building from multiple case studies typically leads to more robust, generalisable and testable theory than a single case research (Eisenhardt & Graebner 2007, 27). This might be the case if the researcher has invested in the careful theoretical sampling of cases (Yin 2003; Eisenhardt & Graebner 2007). However, a recent review of case studies in IB has revealed that the theoretical sampling of cases is limited and multiple cases tend to consist of far too many cases, which suggests that case selection would need to be statistically grounded (Piekkari et al. 2008, 18). Nevertheless, case studies are a very demanding strategy in terms of resources and methodological skills (cf. Leonard-Barton 1990, 263; Pettigrew 1990, 285; Ghauri & Grønhaug 2002, 176). This research emphasised theory development through a rigorous explanatory single case study with a relatively deductive approach instead of a more robust multiple case study approach and/or an inductive approach. The main reasons were related to the extensive literature on both M&As and organisational commitment.

To sum up, in order to understand how key persons' organisational commitment develops after a cross-border acquisition it is important to understand how the post-acquisition integration phase proceeded and view the acquisition as part of implementing the corporate strategy (cf. Bakermans & Schijven 2008, 697). Although there has been an increasing amount of research on knowledge intensive acquisition (Birkinshaw 1999; Ranft & Lord 2002; Porrini 2004; Al-Laham & Amburgey 2005; Puranam & Srikanth 2007; Desyllas & Hughes 2008), there is still only a relatively small amount of research that emphasises the need to retain key persons (e.g. Ranft & Lord 2002). This case study argues that retention can be relative. In countries like India where the turnover rate can exceed 20% in the field of IT, the turnover of a few per cent in a European high-tech subsidiary may not be perceived as a problem.

Finally, this research generated new research questions for future research. The causal links suggested in this research need further research, and preferably in different contexts to analyse whether these results are industry specific. More research is needed to understand how the personnel from both acquiring and acquired organisation identify and commit to the new merged organisation and its corporate objectives. Moreover, in recent years we have witnessed a growing amount of important cross-border acquisitions from India and further research is needed in order to understand the implications of M&As coming from developing and emerging countries. Furthermore, there is a need for more cross-cultural research in order to analyze whether culture matters and to explain how the definition of commitment as well as the HRM practices differ from one culture to another (e.g. Bhatnagar 2007; Bhatnagar & Sharma 2009). Future research is also needed to better understand the role of entrepreneurial mindset in organisational commitment. Additionally, future research should focus on achieving a fuller understanding of M&As (Angwin 2007). There is a need for more research on cross-border in order to understand what the implications to cross-cultural management are and how to manage them successfully. Context is important in order to understand M&As, especially when analysing the related human resource issues. This is because previous experience defines feelings in the present and the future determines the expectations and level of stress related to the uncertainties caused by M&As. Thus, more longitudinal case studies are needed in order to obtain a more comprehensive understanding of cross-border acquisitions.



## 6 SUMMARY

This research has been inspired by recent trends in cross-border mergers and acquisitions (M&As). In knowledge intensive acquisitions the human resources and the key persons often represent the most important and/or the only resource in the acquired organisation. Research suggests that acquisitions lead to higher than normal turnover among target company top management teams and the higher turnover rate can last for almost nine years after an acquisition (e.g. Krug 2003), and that top management retention has an impact on the successful outcome of an acquisition (e.g. Bergh 2001). Consequently, the retention of key persons is therefore very important (cf. Ranf & Lord 2002). It has been suggested that in knowledge intensive acquisitions a greater emphasis on human resource integration is needed (Birkinshaw 1999). On the other hand, based on literature on employee turnover, organisational commitment is an important factor in determining turnover intentions (cf. Mowday, Porter & Steers 1982; Allen & Meyer 1990; Price 2000; Elangovan 2001). Despite the extensive research on top management turnover, there is little understanding of how organisational commitment develops towards the acquiring parent company and how to retain key persons during the post-acquisition phase (cf. Schraeder 2001; Fairfield-Sonn et al. 2002; Nummela 2004; Klendauer & Deller 2008). This research is not about turnover or retention as such, but about organisational commitment and its development. Accordingly, this research focused on *key persons' organisational commitment in knowledge intensive cross-border acquisitions*.

The main research problem is thus “*How does key persons' organisational commitment develop in the acquired company after a cross-border acquisition*”. This research question was divided into the following sub-questions: 1. *Who are the key persons in the acquired company, and (if their commitment does differ) how does their commitment differ from the organisational commitment of other personnel?*, 2. *How does the cross-border acquisition influence the organisational commitment of key persons?*, and finally 3. *How can acquired key persons be induced to commit to the acquiring company?*

The theoretical framework is built on the HR integration literature in the field of M&As and organisational commitment theories. The M&A literature focussed on the extensive amount of post-acquisition literature focusing on HR integration (cf. Buono & Bowditch 1989; Datta 1991; Cartwright &

Cooper 1992; 1993; 1995; 1999; Very et al. 1996; Hubbart 1999; Risberg 2001; Very 2004; Kusstatscher & Cooper 2005; Teerikangas 2006). Although this research focuses on organisational commitment, it is analysed in relation to concepts closely related to organisational commitment such as work commitment, organisational identification and turnover intentions (cf. Mowday et al. 1982; Mobley 1982; Morrow 1983; 1993; Meyer & Allen 1997; Price 2000; Elangovan 2001). However, this research does not focus on the outcomes of organisational commitment, such as turnover or retention.

It has been argued that longitudinal studies of M&As are still uncommon (Cartwright & Schoenberg 2006, S3). As this research focuses on the development of key persons' organisational commitment, a longitudinal approach is necessary (e.g. Leonard-Barton 1990; Pettigrew 1990; Menard 1991). Consequently, this research is a longitudinal single case study. Moreover, in order to obtain richer data, the data for this study were collected both quantitatively and qualitatively over two years. The case in this research is *an Indian-European cross-border acquisition in the IT field*. This research focused on the development of the organisational commitment of the European target company's key persons. By combining qualitative and quantitative methods this research made a strong empirical contribution towards understanding both the individual and organisational level of organisational commitment in M&As (cf. Brannen & Peterson 2009).

The main results imply that the true key persons are *those who can change their ways and learn new things and new methods and adjust to meet the needs of a changing environment and organisation* (cf. Welch & Welch 1997, 683). Furthermore, it is important to acknowledge that *there are different key persons at different stages of any post-acquisition phase* (cf. Hubbard 1999, 149–150). The results imply that *cross-border M&As affect organisational commitment in several ways, and they may have direct or indirect influence on organisational commitment*. Organisational commitment is *an individual level issue* and that what works for one person does not necessarily work for another (cf. Kusstatscher & Cooper 2005, 164). In order to really succeed in committing key persons, employers should know their personnel very well, because what works for one doesn't necessarily work for another. In cross-border M&As knowing the source of commitment can help in defining the right bundle of HRM practices (cf. Cohen 2003, 1990). Consequently, committing practices should be considered globally and locally (cf. Faulkner et al. 2002; Aguilera & Dencker 2004).

Concluding, this research shows that *the development of key persons' organisational commitment is very complex in the context of cross-border acquisitions*. A cross-border acquisition can influence the key persons' organisational commitment in many ways. Cross-border acquisitions should

not be viewed in isolation, but as one part of means to implementing the corporate strategy (cf. Bakerma & Schijven 2008, 697). Consequently, in order to analyse and explain the development of organisational commitment it was necessary to understand the context of the acquisition. Furthermore, the results imply that a multiple commitment approach was beneficial when analysing the development of organisational commitment in the context of cross-border acquisitions (cf. Mowday 1983; 1993; Reichers 1985; Cohen 2003).



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## APPENDIX 1 Pilot study questionnaire

Variable	Scale	Scale borrowed from	No of items	Cronbach's alpha
<b>Organisational commitment</b> (both towards acquired and acquiring organisation)	OCQ (Organizational Commitment Questionnaire)	Porter, Steers, Mowday & Boulian (1974)/ Mowday, Steers & Porter (1979)	15	Acquired $\alpha=0.913$ Acquiring $\alpha=0.915$
	Three-component model	Meyer and Allen (1997)	23	Acquired $\alpha=0.880$ Acquiring $\alpha=0.923$
<b>Career Commitment</b>		Blau (1985)	8	$\alpha=0.765$
<b>Work/task commitment</b>	Job involvement	Kanungo (1982)	10	$\alpha=0.878$
<b>Job satisfaction</b>		Warr, Cook & Wall (1979)	10	$\alpha=0.779$
<b>Turnover intentions</b>		Meyer, Allen & Smith (1993)	3	$\alpha=0.910$
		Kim, Price, Mueller & Watson (1996)	4	$\alpha=0.868$
	M&A turnover*		8	$\alpha=0.660$
<b>Knowledge sharing</b>		Van den Hooff, Vijvers & DeRidder (2003)	5	$\alpha=0.832$
		Lee, Lee & Kang (2005)	4	$\alpha=0.765$
<b>Organisational identification</b> (both acquired and acquiring organisation)		Hall, Schneider & Nygren (1970)	4	Acquired $\alpha=0.847$ Acquiring $\alpha=0.852$
<b>Stress</b>		Parker & DeCotiis (1983)	13	$\alpha=0.916$
	M&A stress*		6	$\alpha=0.803$
<b>Acquisitions</b>	process related issues*		18	$\alpha=0.696$
	Integration	Cording (2004)	12	$\alpha=0.680$
<b>Culture</b>	National*		8	$\alpha=0.749$
	Organisational*		12	$\alpha=0.655$
<b>Psychological contract</b>		Robinson & Rousseau (1994)	2	<b><math>\alpha=0.585^{**}</math></b>
<b>Alternative Job Opportunities</b>		Arnold & Feldman (1982)	1	
		Price (2000); Kim, Price, Mueller & Watson (1996)	2	$\alpha=0.814$
			<b>210</b>	

\*designed by the researcher for the pilot study

\*\* acceptable level  $>0.60$

## APPENDIX 2 The questionnaire variables and scales

Variable	Scale	Scale borrowed from	No items	Round 1 Dec 2006	Round 2 May 2007	Round 3 Dec 2007	Round 4 June 2008
<b>Organisational commitment towards acquired/target organisation</b>	OCQ (Organizational Commitment Questionnaire)	Porter, Steers, Mowday & Boulian (1974)/ Mowday, Steers & Porter (1979)	15	N= 112 $\alpha = 0.90$	N= 133 $\alpha = 0.93$	N= 122 $\alpha = 0.92$	N= 193 $\alpha = 0.93$
			13	N= 72 $\alpha = 0.91$	N= 116 $\alpha = 0.92$		N= 191 $\alpha = 0.93$
<b>Organisational identification towards acquired/target organisation</b>		Mael & Ashforth (1992)	6	N= 131 $\alpha = 0.81$	N= 169 $\alpha = 0.89$	N= 143 $\alpha = 0.81$	N= 193 $\alpha = 0.87$
			6	N= 89 $\alpha = 0.88$	N= 172 $\alpha = 0.88$		N= 191 $\alpha = 0.91$
<b>Career Commitment</b>		Blau (1985)	8	N= 112 $\alpha = 0.82$	N= 149 $\alpha = 0.81$	N= 134 $\alpha = 0.85$	N= 193 $\alpha = 0.85$
<b>Work/task commitment</b>	Job involvement	Kanungo (1982)	10	N= 120 $\alpha = 0.84$	N= 175 $\alpha = 0.86$	N= 155 $\alpha = 0.85$	N= 193 $\alpha = 0.84$
<b>Job satisfaction</b>		Warr, Cook & Wall (1979)	10		N= 162 $\alpha = 0.85$	N= 146 $\alpha = 0.84$	N= 192 $\alpha = 0.84$
<b>Turnover intentions</b>		Meyer, Allen & Smith (1993) + Kim, Price, Mueller & Watson (1996)	6		N= 170 $\alpha = 0.89$	N= 147 $\alpha = 0.87$	N= 192 $\alpha = 0.90$
<b>Alternative Job Opportunities</b>		Arnold & Feldman (1982), Price (2000), Kim et al. (1996)	3	N= 146 $\alpha = 0.66$		N= 149 $\alpha = 0.64$	N= 189 $\alpha = 0.70$
<b>Name*</b>			8		N= 138 $\alpha = 0.86$		
<b>Integration</b>	level of integration speed of integration*	Cording (2004)	12	N= 72 $\alpha = 0.99$	N= 48 $\alpha = 0.90$		
			2	N= 57 $\alpha = 0.41^{**}$			
<b>Culture</b>	National * Organisational*		7	N= 60 $\alpha = 0.81$			
			10	N= 58 $\alpha = 0.46^{**}$			
<b>Role ambiguity</b>		Rizzo, House & Lirtzman 1970	10			N= 141 $\alpha = 0.83$	N= 193 $\alpha = 0.83$
<b>Interactional justice</b>		Moorman (1991)	6			N= 127 $\alpha = 0.91$	N= 190 $\alpha = 0.92$
<b>Acculturative stress</b>		Very, Lubatkin, Calori (1996)	23			N= 44 $\alpha = 0.93$	N= 191 $\alpha = 0.94$

\*designed by the researcher

\*\* acceptable level  $\alpha > 0.60$

## APPENDIX 3 Electronic questionnaire round 1

**Cross-border acquisition questionnaire**

This questionnaire is 5 pages long and it will take approximately 30 minutes to complete. Usually you will be asked to give your answer on a scale from 1 to 7 (e.g. 1 = strongly disagree - 7 = strongly agree). In case you don't have an opinion (neutral) choose number 4 and if you don't know the answer choose number 0 on the right column. The word organisation refers to your current organisation within Alpha Group (i.e. Alpha, Beta) or to Gamma India. This is specified in each question/statement.

Every answer and returned questionnaire is valuable, and thus I hope that everybody participate to this research. The researcher gives a statement of confidentiality to assert that no individual questionnaire will be published or reported so that the individual could be identifiable. The results are handled and analyzed only by the researcher Mélanie Raukko.

The questionnaire should be returned by **Friday 8.12.2006**.

Thank you for your cooperation!

Please, if you need to interrupt the filling in of the questionnaire, there are "break" buttons at the end of each page. When you press "break" your answers are saved and you may order the questionnaire with your saved answers to your email and continue whenever it best suits you.

**Statement of Confidentiality:**

The researcher guarantees that nobody's identity will be revealed, and no individual questionnaire will be published. The questionnaires will be handled anonymously, so that the answers will not be identifiable with individuals. In order to ensure the success and the reliability of this research, I hope that you reply as openly and truthfully as possible. Thank you for you time and effort!

**BACKGROUND INFORMATION**

**At the beginning of the questionnaire there are 19 questions regarding your background information. These questions are not included to identify the respondents, but to enable later on the grouping of the questionnaires.**

**What is your age?**

**Please, choose the correct alternative**

- male
- female

**What is your marital status?**

- married
- single
- cohabiting

**How many children do you have that are still living at home?**

- none
- 1-2
- 3-5
- over 5

**What is your nationality? (you may choose several alternatives in case you have e.g. double nationality)**

- xxx (local mother tongue in Europe)
- Indian
- \*other? please write in the box
- 

**What is your mother tongue? (You may choose several alternatives if you are e.g. bilingual)**

- xxx (local mother tongue in Europe)
- English
- French
- Hindi or some other language spoken in India
- \*other, which? please write in the box

**Please indicate your education (choose according to your highest degree)**

- Comprehensive school
- Vocational school
- College, e.g. commercial college
- Matriculation Examination (high school)
- Polytechnic education (bachelor)
- Undergraduate, University
- Graduate, University (M.Sc./M.A.)
- Post-graduate, Doctor, Docent

**Do you have any hobbies or spare time activities?**

- regular weekly hobby or activities
- hobbies irregularly due to work
- no hobby

**The next items are related to your work and job description.****What is your current position in this organisation?**

- Business, Sales and Technical Managers (excom members)
- Engineering and Project managers
- Lead Engineer and System Engineers
- Engineers (Design, Test etc.)
- Account Managers
- Support (Admin. A&F, HR, IT)
- Test Operators

**How many years have you been working after graduation? (If you are working part-time while still studying you may jump to the next question).**

**In which organisation of the Alpha Group (i.e. Alpha, Beta) are working for and for how long have you been working for Alpha Group?**

**What kind of employment contract do you have? (You may choose two alternatives e.g. fixed term and part-time. Part-time employees are those working shorter days due to studies or other reason)**

- permanent
- fixed term
- part time

**Has your position in the organisation changed after the acquisition? (the word acquisition refers to the acquisition by Gamma India in 2006)**

- Yes
- No

**When did you start working for this organisation you are currently working for?**

- before the acquisition
- after the acquisition

**Were you transferred from the acquiring company (i.e. Gamma India)?**

- Yes
- No

**Have you been a party in a company acquisition before? (if not you may jump after this question to the next page)**

- yes
- no

**In case you have been a party in a company acquisition earlier, please answer the following questions**

how many times?

when was the last time (in years) when was the last time (in years)?

**What kind of experience was it?**

- positive
- negative
- neutral













continues..

	1	2	3	4	5	6	7	0= I don't know
When someone criticizes Gamma Indian, it feels like a personal insult	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am very interested in what others think about Gamma Indian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
When I talk about Gamma Indian, I usually say "we" rather than "they"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gamma Indian's successes are my successes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
When someone praises Gamma Indian, it feels like a personal compliment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If a story in the media criticized Gamma Indian, I would feel embarrassed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

These were the last statements of this questionnaire.

Would you have something you would like to add relating to the themes, which emerged in this questionnaire? Feel free to comment more on some of the themes or the acquisition itself, or if you wish to comment, criticize the questionnaire.

Break

Thank you for filling in this questionnaire! Please submit your questionnaire.

I want to submit my answers



## APPENDIX 4      Parts of electronic questionnaire 2

**Employee Research**

First of all, I want to warmly thank all of you who participated in the previous survey last December! This is the second data collection round of my doctoral research and all new respondents are welcome to participate! **10 prizes will be drawn among the respondents. Please participate, as every answer is valuable!** First there are some guidelines concerning answering the questionnaire.

This questionnaire has been modified since the last time (thanks to the valuable comments I received at the first round). The questionnaire is 9 pages long and it will take approximately 30 - 40 minutes to complete. Usually you will be asked to give your answer on a scale from 1 to 7 (e.g. 1 = strongly disagree - 7 = strongly agree). In case you don't have an opinion (neutral) choose number 4 and if you don't know the answer choose number 0 on the right column. The word organisation refers to your current organisation within Gamma Europe (SW-line, HW-line, Support) or to the parent company Gamma India. This is specified in each question/statement.

**Every answer and returned questionnaire is valuable**, and thus I hope that everybody participate to this research. The researcher gives a statement of confidentiality to assert that **no individual questionnaire will be published or reported so that the individual could be identifiable**. The results are handled and analyzed only by the researcher Mélanie Raukko.

Please, **if you need to interrupt the filling in of the questionnaire**, there are "break" buttons at the end of each page. When you press "break" your answers are saved and you may order the questionnaire with your saved answers to your email and continue whenever it best suits you.

**Statement of Confidentiality:**

The researcher guarantees that **nobody's identity will be revealed, and no individual questionnaire will be published**. The questionnaires will be handled anonymously, so that the answers will not be identifiable with individuals. In order to ensure the success and the reliability of this research, I hope that you reply as openly and truthfully as possible. Thank you for your time and effort!

Please submit the questionnaire by **Monday 30th of April, 2007 at the latest**.

Thank you for your cooperation!

If you have any questions regarding this research, the survey or something else, please do not hesitate to contact me:

Mélanie Raukko  
Senior Research Associate  
International Business  
Department of Marketing  
Turun School of Economics  
Tel. 02-4814239, Mailto: [melanie.raukko@tse.fi](mailto:melanie.raukko@tse.fi)

**If you have to choose, to which of the following alternatives do you feel the most committed? Please choose your alternative. \***

- the entire parent company (Gamma)
- the organisation I am currently working with (Gamma Europe, SW-line/HW-line/Support)
- the department within the organisation I am currently working with (within SW/HW/Support-line)
- the location (city, municipality etc.)
- other, please specify

**A person can be committed to various things at work. Please indicate to what you are the most committed at your work. Choose three most important alternatives. \***

- my job, the tasks
- the project
- the account (the client)
- my career
- the work community, colleagues
- the work atmosphere, the work culture
- my boss
- the strategy, the joint vision
- the income
- other, please specify

**Please explain why you chose these alternatives?**

**In your personal opinion, what is the most important thing when committing employees during acquisitions?**



## APPENDIX 5      Parts of electronic questionnaire 3

**Employee Research**

First of all, I want to warmly thank all of you who participated in the previous survey last May!

This is the third data collection round of my doctoral research and all new respondents are welcome to participate! **10 prizes will be drawn among the respondents. Please participate, as every answer is valuable!** First there are some guidelines concerning answering the questionnaire. *Please note, that if you are from Gamma India this questionnaire does not concern you, as it is designed for the former employees of Alpha Group. Moreover, European respondents are warmly recommended to respond to the x (mother tongue) version of this questionnaire.*

This questionnaire has been modified since the last time (thanks to your valuable comments). The questionnaire is 9 pages long and it will take approximately 30 - 40 minutes to complete. Usually you will be asked to give your answer on a scale from 1 to 7 (e.g. 1 = strongly disagree - 7 = strongly agree). In case you don't have an opinion (neutral) choose number 4 and if you don't know how to answer choose number 0 on the right column. The word organisation refers to your current organisation within Gamma Europe (SW-line, HW-line, Support) or to the parent company Gamma India. This is specified in each question/statement.

**Every answer and returned questionnaire is valuable**, and thus I hope that everybody participate in this research. The researcher gives a statement of confidentiality to assert that **no individual questionnaire will be published or reported so that the individual could be identifiable**. The results are handled and analyzed only by the researcher Mélanie Raukko.

Please, **if you need to interrupt the filling in of the questionnaire**, there are "break" buttons at the end of each page. When you press "break" your answers are saved and you may order the questionnaire with your saved answers to your email and continue whenever it best suits you.

The data analysis is still ongoing. The data collection will be completed by summer 2008 and the dissertation should be finished by spring 2009.

**Statement of Confidentiality:**

The researcher guarantees that **nobody's identity will be revealed, and no individual questionnaire will be published**. The questionnaires will be handled anonymously, so that the answers will not be identifiable with individuals. In order to ensure the success and the reliability of this research, I hope that you reply as openly and truthfully as possible. Thank you for your time and effort!

Please submit the questionnaire by **Monday 10th of December 2007 at the latest**.

Thank you for your cooperation!







## APPENDIX 6      Parts of electronic questionnaire 4

**Employee survey 4**

First of all, I want to warmly thank all of you who participated in the previous survey last December!

This is the fourth questionnaire and final data collection stage of my doctoral research. The purpose of this thesis is to investigate personnel's experiences and emotions in the company merger situations. As this is a longitudinal research, it is crucial that all of you, who have participated to this research earlier, would answer this last survey. New respondents may participate to this questionnaire as well. **10 prizes will be drawn among the respondents. Please participate, as every answer is valuable!**

First there are some guidelines concerning answering the questionnaire. *Please note, that if you are from Gamma India this questionnaire does not concern you, as it is designed for the former employees of Alpha Group. Moreover, European respondents are warmly recommended to respond to the x (mother tongue) version of this questionnaire.*

The questionnaire is 9 pages long and it will take approximately 30 - 40 minutes to complete. Usually you will be asked to give your answer on a scale from 1 to 7 (e.g. 1 = strongly disagree, 2= disagree, 3= slightly disagree, 4= neither disagree or agree, 5= slightly agree, 6= agree, 7 = strongly agree). In case you don't have an opinion (neutral) choose number 4 and if you don't know how to answer choose number 0 on the right column. The word organisation refers to your current organisation within Gamma Europe (SW-line, HW-line, Support) or to the parent company Gamma India. This is specified in each question/statement.

Please, **if you need to interrupt the filling in of the questionnaire**, there are "**break**" buttons at the end of each page. When you press "break" your answers are saved and you may order the questionnaire with your saved answers to your email and continue whenever it best suits you.

**Statement of Confidentiality:**

The researcher guarantees that **nobody's identity will be revealed, and no individual questionnaire will be published**. In order to ensure the success and the reliability of this research, I hope that you reply as openly and truthfully as possible. Thank you for your time and effort!

Please submit the questionnaire by **Monday 16th of June 2008 at the latest**.

Thank you for your cooperation!

If you have any questions regarding this research, the survey or something else, please do not hesitate to contact me:

**Mélanie Raukko**  
Senior Research Associate (etc.)

APPENDIX 7 Reliability and descriptive statistics of panel data

Table 4 The scale reliability per questionnaire (Q) of main variables

	Q1	Q2	Q3	Q4
<b>Scale reliability questionnaire 1-4 (N=65)</b>				
OCT organisational commitment towards target	0.906	0.896	0.897	0.928
OIDT organisational identification towards target	0.788	0.890	0.795	0.878
CCOM career commitment	0.871	0.880	0.852	0.849
TCOM task (work) commitment	0.825	0.838	0.895	0.834
OCAC organisational commitment towards acquirer	0.926	0.927	-	0.941
OIDAC organisational identification towards acquirer	0.833	0.897	-	0.907
TURNINT turnover intention	-	0.899	0.899	0.928

Table 5 Descriptive statistics of questionnaire 1

SURVEY 1 (Q1)		Statistics																			
Tests of Normality		Kolmogorov-Smirnov(a)		Shapiro-Wilk		Sig.		Q1OCT		Q1CCOM		Q1TCOM		Q1OIDT		Q1OCAC		Q1OIDAC			
		Statistic	df	Statistic	df			N	Valid	Missing	65	0	65	0	65	0	65	0	65	0	
<b>Q1OCT</b>		0.117	61	0.039	0.971	61	0.151				4.81	4.71	3.84	4.49	4.20	4.20	4.49	4.20	4.20	4.20	3.74
<b>Q1CCOM</b>		0.098	61	0.200	0.964	61	0.070				4.93	4.88	3.89	4.40	4.31	4.31	4.40	4.31	4.31	4.31	3.67
<b>Q1TCOM</b>		0.100	61	0.200	0.975	61	0.240				5.40	4.00	4.50	4.33	4.00	4.00	4.33	4.00	4.00	4.00	3.50
<b>Q1OIDT</b>		0.080	61	0.200	0.988	61	0.794				0.87	1.13	0.86	0.96	1.06	1.06	0.96	1.06	1.06	1.06	1.14
<b>Q1OCAC</b>		0.086	61	0.200	0.977	61	0.314				0.76	1.27	0.75	0.91	1.12	1.12	0.91	1.12	1.12	1.12	1.30
<b>Q1OIDAC</b>		0.074	61	0.200	0.985	61	0.659				-0.49	-0.48	0.11	-0.11	-0.52	-0.52	-0.11	-0.52	-0.52	-0.52	-0.18
*		This is a lower bound of the true significance.																			
a		Lilliefors Significance Correction																			
											0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.31
											0.34	-0.24	-0.84	-0.42	0.80	0.80	-0.42	0.80	0.80	0.80	-0.41
											0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.60
											2.53	1.38	2.00	2.17	1.00	1.00	2.17	1.00	1.00	1.00	1.17
											6.73	6.63	5.67	6.50	6.62	6.62	6.50	6.62	6.62	6.62	6.00
											4.22	3.88	3.10	3.83	3.55	3.55	3.83	3.55	3.55	3.55	2.92
											4.93	4.88	3.89	4.40	4.31	4.31	4.40	4.31	4.31	4.31	3.67
											5.40	5.67	4.50	5.18	5.00	5.00	5.18	5.00	5.00	5.00	4.60

Table 6 Descriptive statistics of questionnaire 2

SURVEY 2 (Q2)		Statistics																													
Tests of Normality		Kolmogorov-Smirnov(a)			Shapiro-Wilk			Q2OCT			Q2CCOM			Q2TCOM			Q2OIDD			Q2OICAC			Q2OIDDAC			Q2TURNINT					
		Statistic	df	Sig.	Statistic	df	Sig.	N	Valid	Missing	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65	65			
<b>Q2OCT</b>		0.079	64	0.200	0.968	64	0.095				<b>4.51</b>	<b>4.41</b>	<b>3.77</b>	<b>4.33</b>	<b>4.10</b>	<b>3.72</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>	
<b>Q2CCOM</b>		0.103	64	0.089	0.969	64	0.111	<b>Mean</b>			<b>4.60</b>	<b>4.50</b>	<b>3.70</b>	<b>4.33</b>	<b>4.23</b>	<b>3.83</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	<b>4.23</b>	
<b>Q2TCOM</b>		0.069	64	0.200	0.987	64	0.748	<b>Median</b>			<b>4.60</b>	<b>5.75</b>	<b>2.70</b>	<b>3.83</b>	<b>4.15</b>	<b>3.00</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	<b>4.15</b>	
<b>Q2OIDD</b>		0.092	64	0.200	0.968	64	0.094	<b>Mode</b>			1.01	1.23	0.99	1.25	0.96	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	1.28	
<b>Q2OICAC</b>		0.114	64	0.037	0.984	64	0.602	Std. Deviation			1.01	1.52	0.98	1.57	0.91	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	1.65	
<b>Q2OIDDAC</b>		0.077	64	0.200	0.985	64	0.653	Variance			-0.68	-0.29	0.11	-0.50	-0.21	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	-0.08	
<b>Q2TURNINT</b>		0.096	65	0.200	0.967	65	0.080	Skewness			0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	
*								Std. Error of Skewness			0.76	-0.51	-0.46	0.49	0.58	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	-0.38	
a								Kurtosis			0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59	
								Std. Error of Kurtosis			1.47	1.00	1.40	1.00	1.45	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
								Lilliefors Significance Correction			6.67	6.63	5.90	7.00	6.77	7.00	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77
								Minimum			25	3.81	3.41	2.95	3.67	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83	2.83
								Maximum			50	4.60	4.50	3.70	4.33	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23	4.23
								Percentiles			75	5.23	5.44	4.55	5.25	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68	4.68
								a			Multiple modes exist. The smallest value is shown																				



Table 8 Descriptive statistics of questionnaire 4

SURVEY 4 (Q4)		Statistics																			
Tests of Normality		Kolmogorov-Smirnov(a)		Shapiro-Wilk		Q4OCT		Q4OIDD		Q4ACCOM		Q4TCOM		Q4OCAC		Q4OIDAC		Q4TURNIN		Q4ALTIJOB	
Statistic	df	Sig.	Statistic	df	Sig.	N	Valid	Missing	65	65	65	65	65	65	65	65	65	65	65	65	64
Q4OCT	0.063	64	0.200	0.982	64	0.482	4.05	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Q4OIDD	0.077	64	0.200	0.979	64	0.342	4.07	4.25	4.40	4.38	3.60	3.60	3.69	3.72	3.60	3.67	3.60	3.60	3.67	3.67	5.66
Q4ACCOM	0.079	64	0.200	0.973	64	0.164	3.13	5.17	5.25	3.70	4.38	4.00	2.00	2.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Q4TCOM	0.052	64	0.200	0.989	64	0.817	1.02	1.18	1.05	0.89	1.13	1.25	1.57	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
Q4OCAC	0.068	64	0.200	0.989	64	0.826	1.05	1.38	1.10	0.79	1.27	1.56	2.47	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
Q4OIDAC	0.084	64	0.200	0.985	64	0.646	-0.37	-0.45	-0.20	-0.01	-0.10	-0.16	0.40	-0.78	-0.78	-0.78	-0.78	-0.78	-0.78	-0.78	-0.78
Q4TURNIN	0.110	64	0.051	0.959	64	0.032	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Q4ALTIJOB	0.153	64	0.001	0.920	64	0.001	0.02	0.49	-0.89	-0.07	0.05	-0.19	-0.82	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
* This is a lower bound of the true significance.																					
a Lilliefors Significance Correction																					
Minimum 1.27 1.00 2.00 1.70 1.00 1.00 1.17 2.33 7.00																					
Maximum 6.40 6.83 6.38 5.80 6.38 6.83 7.00 7.00 7.00																					
Percentiles 25 3.24 3.50 3.00 3.00 2.91 2.88 2.42 5.00																					
50 4.07 4.33 4.38 3.60 3.60 3.83 3.67 6.00																					
75 4.83 5.17 5.25 4.20 4.38 4.50 4.92 6.33																					
a Multiple modes exist. The smallest value is shown																					



APPENDIX 8 Organisational tenure and commitment

Table 9 Comparison of the organisational tenure of all respondents and panel respondents in June 2008

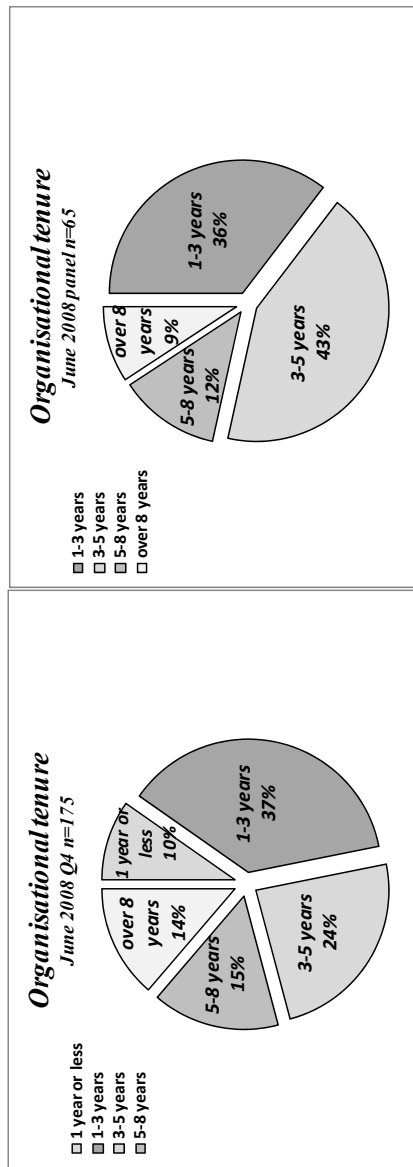


Table 10 Organizational commitment towards acquired Gamma Europe (Q4OCT) and acquiring Gamma India (Q4OCAC)

Tenure4RC	Q4OCT	Q4OCAC
1-3 years	4.1	3.6
3-5 years	3.9	3.5
5-8 years	3.9	3.5
over 8 years	4.6	4.3

**ANOVA Table**

	Sum of	df	Mean Squ	F	Sig.
Q4OCT *					
Tenure4RC	Between Groups	3	0.879	0.834	0.481
	Groups (Combined)	61	1.055		
	Total	64			
Q4OCAC *					
Tenure4RC	Between Groups	3	1.288	1.018	0.391
	Groups (Combined)	61	1.265		
	Total	64			

**Measures of Association**

	Eta	Eta Squared
Q4OCT *		
Tenure4RC	0.198	0.039
Q4OCAC *		
Tenure4RC	0.218	0.048



**INTERVIEW GUIDE ROUND 1 – ROUND 3****Name (interviewee):****Organisation, City:****Address:****Place (interview):****Time:**

In the interview I will focus on the Alpha – Gamma India M&A (and its background – in this first round). The main purpose is not to ask questions regarding the details of the deal itself, but rather to collect your own experiences and thoughts regarding the acquisition. In addition, I have questions related to the different commitment modes.

In the interviews I am interested in your own experiences. The data and the tape are confidential, and individual interviewees will not be identifiable in the final reports. I will conduct x amounts of interviews (later “I have conducted x amount of interviews so far and now I intend to collect x interviews”). This research is part of my doctoral dissertation, and neither Alpha/ Beta/ Gamma Europe nor Gamma India are commissioning this research. They have only given their consent to the research and data collection.

I have agreed that I will report the results of the quantitative questionnaires immediately after each questionnaire round. However, the qualitative interview data are mainly for the purpose of my dissertation.

Please, answer these questions freely and openly.

<b>Questions</b>			
<i>Background</i>	<b>R1:R2</b>	1	How long have you worked for Alpha/Beta?
	<b>R1:R2</b>	2	Have you always worked at the same unit at Alpha/Beta?
	<b>R1:R2</b>	3	In which positions have you worked at Alpha/Beta?
	<b>R1:R2</b>	4	What changes did the M&A bring to your work?
	<b>R2:R3</b>	5	In what position do you work now? (Is your title XX and unit XX?)
<i>M&amp;A</i>	<b>R1:R2</b>	6	Do you have previous experiences of M&As? What kind of experiences?
	<b>R1</b>	7	What role did you have in the M&A? (were you involved in the M&A preparation and planning, and/or the implementation of the integration?)
	<b>R1</b>	8	How did you experience the M&A last August?
	<b>R2</b>	9	How would you describe this past year? What kind of an experience has this M&A been so far?

	<b>R1:R2</b>	10	In your opinion, what was the motive of the acquisition? a) Alpha Group's motives, b) Gamma India's motives?
	<b>R1:R2</b>	11	Did you know about the deal before it was officially announced? If yes, how did you learn about it and how did you take the news?
	<b>R1:R2</b>	12	How was the M&A announced to the personnel? a) When was the first announcement? How was it announced the first time? b) When did you meet Indians from Gamma India for the first time?
	<b>R1:R2</b>	13	How has the integration process and its progresses been communicated? a) Who has communicated (Gamma Europe or Gamma India)? b) How regularly? c) In your opinion, have you received enough information?
	<b>R2</b>		The name of Alpha and Beta, i.e. Alpha Group, changed to Gamma Europe last spring. How did you feel about this?
	<b>R3</b>	14	How does the M&A show in your daily work? (are you involved in the integration process?)
	<b>R3</b>		In July/August (2008) it will be two years since the M&A. What kind of an experience has it been so far?
	<b>R3</b>	15	Have your expectations regarding the M&A been realised?
<i>Integration</i>	<b>R1-R3</b>	16	In your opinion, how has the integration process proceeded?
(picture aided question)	<b>R2</b>	17	Here is <i>a figure</i> of the main events following the integration process. It illustrates the main phases during the integration process so far. What other smaller or bigger events can you think off?
	<b>R1:R2</b>	18	How did the M&A show in your daily work following the announcement of the deal last autumn (2006)?
	<b>R1:R2</b>	19	Have you been through the yearly development discussion after the M&A or has your contract been renegotiated?
	<b>R1:R2</b>	20	What are you expecting from the integration process, i.e. in your opinion, how much can Alpha's and Gamma's operations and culture be integrated?
	<b>R3</b>	21	In your opinion, how successful has the integration process been?
	<b>R2:R3</b>	22	What challenges have been encountered in the integration process? What has gone well in the integration process?

	<b>R3</b>	23	What type of organisational changes have there been during the past two years and how have you experienced them? How did you experience the latest organisational change?
	<b>R2:R3</b>	24	What changes has the M&A brought to the former Alpha Group's organisational culture, e.g. how have the practices, policies changed? How have you experienced these changes?
	<b>R2:R3</b>	25	What expectations do you have regarding the integration?
	<b>R2</b>	26	How do you view the future of Gamma Europe?
<i>Key persons</i>	<b>R1</b>	27	Who would you define as Alpha Group's/Gamma Europe's key persons? You do not have to give names, but what type of knowledge or persons in which position would you consider key? What type of knowledge should such a key person possess?
	<b>R1</b>	28	Have key persons left the company due to the M&A? If yes, can you say why?
	<b>R1</b>	29	What consequences would it have, if a key person would leave Alpha Group/Gamma Europe now?
	<b>R3</b>	30	In your opinion what type of knowledge is critical in Gamma? What is Gamma's competitive advantage?
	<b>R3</b>	31	Whom would you consider as a key person based on their organisational position? Have key persons left the organisation during the past year? If yes, what type of knowledge was lost? Has their departure been harmful to the company?
<i>Culture</i>	<b>R1:R2</b>	32	In your opinion, how has the European-Indian culture started to integrate? Can you identify a "we Europeans" and "you Indians" atmosphere?
	<b>R1:R2</b>	33	What kind of cultural differences are there at the organisational and national level? Have you encountered cultural differences yet?
	<b>R2:R3</b>	34	How much have you been in contact with the Indian Gammians? Do you have a contact person in India?
	<b>R3</b>	35	How has the cooperation been?
	<b>R3</b>	36	Which type of cultural differences have you encountered? How have they affected your work? How have you dealt with them?
<i>Communication</i>	<b>R2</b>	38	How would describe the internal communication at Gamma?
	<b>R3</b>	39	How has the internal communication changed following the M&A? How is the Indian Gamma's communication?

	<b>R2:R3</b>	40	How has the communication about the integration and its progress been? In your opinion, is the communication sufficient?
	<b>R3</b>	41	What wishes do you have regarding the internal communication?
	<b>R2</b>	42	In your opinion, how, and/or in what tone, has the media written about the M&A?
<i>Employee-Manager</i>	<b>R2:R3</b>	43	How would you describe the employee-manager relationship at Gamma Europe? What kind of relationship do you have with your superior/subordinates? Do you have an Indian superior? How does the cooperation differ from cooperation with a European superior?
	<b>R3</b>	44	How are the set objectives monitored? What type of a reward system is there in Gamma?
<i>HRM</i>	<b>R2</b>	45	In your opinion, how much has Gamma India influenced the... - reward system? - work environment? - education and training opportunities? - internal recruitment? - social activities?
	<b>R2</b>	46	In your opinion, how unbiasedly have employees been treated following organisational changes and M&A?
	<b>R3</b>	47	In your opinion, what would enhance the common “we” feeling in the entire Gamma Group?
	<b>R3</b>	48	What challenges do you see in the India-Europe cooperation?
	<b>R3</b>	49	What wishes do you have regarding the India-Europe cooperation?
<i>Organisational identification and culture</i>	<b>R1:R2</b>	50	How did you feel when Alpha Group was sold last August?
	<b>R1:R2</b>	51	In your opinion, is there a strong we-feeling and how would you describe being “Alphian”?
	<b>R1:R2</b>	52	What was your impression, image of Gamma India before the M&A and now?
	<b>R1:R2</b>	53	It’s been nearly ½ years/ over a year since the acquisition. Do you feel more Alphian or Gammian? Why?
	<b>R2</b>	54	How would you describe this organisation’s “we” feeling?
	<b>R2:R3</b>	55	How has your impression, image of Gamma India changed after the M&A?
	<b>R2</b>	56	What does it mean to you that you work at Gamma Europe and not in another high-tech organisation?
	<b>R2</b>	57	How has the values and goals of Gamma India been adopted in Gamma Europe?

	<b>R2</b>	58	How does the fact that the parent company is now Indian affect the way you identify with the company?
	<b>R3</b>	59	How does being “Gammian” differ from being “Alphan”
<i>Work/Career</i>	<b>R1</b>	60	What does work represent to you in general?
	<b>R1</b>	61	How do you view the M&A? Will it affect your work or career in the future?
	<b>R2:R3</b>	62	What motivates you to your job, what makes you come to work every morning?
	<b>R2</b>	63	Could you do this same work in another organisation? Why?
	<b>R3</b>	64	How satisfied are you with your current work?
	<b>R3</b>	65	What does your work mean to you, e.g. if you won in the lottery?
	<b>R1</b>	66	What does career represent to you? How do you view your career in ten years?
	<b>R2</b>	67	How do you see your career development? Do you see your career opportunities in this organisation or in another?
	<b>R3</b>	68	What wishes do you have regarding you career development at Gamma?
	<b>R3</b>	69	How does the company support your career development?
<i>Turnover</i>	<b>R3</b>	70	What would make you change your job?
	<b>R3</b>	71	What if you were offered your dream job, or you would obtain a very tempting offer from another company, what would make you stay at Gamma?
<i>Commitment</i>	<b>R1:R2</b>	72	What types of work related commitment can you identify?
	<b>R1:R2</b>	73	How would you define a person/employee committed to the organisation? How does it show, if a person is very committed to the organisation he/she is working for?
	<b>R1:R2</b>	74	Which of the forms of commitments you mentioned earlier is the most important? (to you)
	<b>R1:R2</b>	75	In your opinion, what is the most important thing when making personnel commit to the acquirer during an M&A?
	<b>R1:R2</b>	76	How did the Alpha Group gain the commitment of its personnel before the acquisition? Have these practices changed after the M&A?
	<b>R1:R2</b>	77	How has Gamma India tried to gain the commitment of the personnel during the M&A? In your opinion, has Gamma succeeded?
	<b>R1:R3</b>	78	What could Gamma do/ has done to commit you?
<i>Commitment continues..</i>	<b>R1:R2</b>	79	Mention three things in your life you feel very committed to?
	<b>R2-R3</b>	80	What does commitment to the organisation means to you?



	<b>R2</b>	81	How would you define your commitment to this organisation (former Alpha, Beta, current Gamma Europe)? How has your commitment to this organisation developed during the past year?
	<b>R2</b>	82	How would you describe your commitment to Gamma India in relation to Gamma Europe?
	<b>R3</b>	83	How would you describe your commitment to Gamma?
<i>Reflection on previous results</i>	<b>R2</b>	84	Based on the results from last May, organisational commitment at Gamma Europe decreased slightly from last December? Does this reflect the real situation? What could be the reason for this?
	<b>R2</b>	85	Based on the results career commitment was slightly stronger than work or organisational commitment. What could explain this result?
	<b>R2</b>	86	Based on the results the personnel is most committed to their own work, colleagues, projects and pay. To what are you most committed to at Gamma Europe and why?
	<b>R2</b>	87	Based on the results employees at Gamma Europe identify slightly differently with their organisations depending on the location. Can you explain this?
	<b>R3</b>	88	To what do you feel the most committed in Gamma? What is the most important issue for you? What are you ready to put more effort to?
	<b>R3</b>	89	Based on the results organisational commitment has steadily decreased. How would you describe the development of your organisational commitment during the past two years from before the M&A until now?
	<b>R3</b>	90	How has the parent company committed its personnel to Gamma Europe?
	<b>R3</b>	91	How has your supervisor gained commitment from you?
<i>Finally..</i>	<b>R1-R3</b>	92	How do you wish the M&A would affect the future and operations of Gamma Europe?
	<b>R1-R3</b>	93	Is there something you would like add on any of the themes we have discussed or do you have something in mind that I haven't asked

## APPENDIX 10 The statistics related to the qualitative interviews

Table 12 The interview sources and statistics for directors and support functions at Gamma Europe

Case	Org. Position	Key person	Retention contract	Turnover	Organisation	Face-to-face interviews	Phone interviews	Dates	Snowball	INT1 pages	INT2 pages	INT3 pages
1001	CEO 2006-2007	x	x	x	Support	xxx		29.1./15.6.2007/ 31.1.2008		11	13	21
1002	Business Development, CEO Oct 2007 -->	x	x		Support	xxx	x	12.2./3.10.2007; 26.5./16.12.2008		13	9	12
<b>Director</b>												
1003	Technology Director	x	x	x	Support	xxx		29.1./1.10.2007/ 3.6.2008		12	14	17
<b>Support/Finance</b>												
1004	Business Controller Software	x		x	Support	x	x	14.3./11.12.2007		12	15	
1005	Business Controller Software	x			Support	x		13.6.2008	x			14
1006	Business Controller Hardware				Support	x		13.11.2007			24	
<b>Support/ World Wide Sales</b>												
1007	Sales Director (Europe)	x	x	x	Support/WWS	xx		29.1./9.11.2007		12	14	
1008	Account manager	x			Support/WWS	xxx		1.2./1.10.2007/ 3.6.2008		11	12	13
1009	Account manager	x	x		Support/WWS	xxx		8.2./4.10.2007/ 11.6.2008		15	12	20
1010	Senior Accounting manager	x	x		Support/WWS	xx	x	13.2./23.10.2007 /28.5.2008		13	16	16
<b>Support/Marketing</b>												
1011	Marketing manager	x			Support	xxx		2.10.2007/ 3.6.2008	x		11	8
<b>Support/HR</b>												
1012	HR Director (Europe)	x		x	Support	x		30.10.2007	x			
1013	HR Consultant	x			Support	xx		9.2./1.10.2007		14	14	
1014	HR Manager, Payroll and Administration				Support	x		9.10.2007	x		14	
1015	HR Manager				Support	x		16.12.2008	x			

Table 12 continues..

Support/IT													
1016	IT Manager, Information Technologies	x											11
1017	IT Specialist	x											20
<b>Support/Quality management</b>													
1018	Manager, Operations Development & Quality	x											16
<b>Total</b>		15	6	5	38	3	6	113	215	155			

Table 13 The interview sources and data collection statistics for Software line in Gamma Europe, CityB

Software	Key person	Retention contract	Turnover	Organisation	Face-to-face	Phone interviews	Dates	Snowball	INT1 pages	INT2 pages	INT3 pages
1019	Vice president Software Business	x	x	SW	xxx		29.1/1.10.2007/ 3.6.2008		7	9	11
1020	Senior Software Architect	x	x	SW	xx	x	8.3/26.9.2007/ 4.6.2008		11	11	8
1021	Senior Software Architect	x		SW	xxx		9.2/25.9.2007/ 10.6.2008		10	10	14
1022	Lead Engineer			SW	x		25.6.2008	x			14
1023	Software Test Engineer			SW	x		25.9.2007			10	
1024	Test Engineer			SW	xx		2.10.2007/ 10.6.2008			11	14
1025	Software Engineer			SW	x		2.10.2007			10	
1026	Test Engineer			SW	x		26.9.2007			9	
1027	Software Lead Engineer			SW	xx		25.9.2007/ 26.6.2008			15	25
1028	Project Manager			SW	x		26.10.2007			11	
<b>Total</b>	3	2	2		17	1		1	28	96	86

Table 14 The interview sources and data collection statistics for Hardware line, CityA and distant sites

Hardware	Key person	Retention contract	Turnover	Organisation	Face-to-face	Phone interviews	Dates	Snowball	INT1 pages	INT2 pages	INT3 pages
1029 Vice president Hardware Business	x			HW	xxx		12.2./4.10.2007/ 25.6.2008		6	8	10
1030 Engineer Manager	x	x		HW	xxx		12.2./3.10.2007/ 12.6.2008		10	11	18
1031 Engineer Manager	x			HW	xx	x	12.2./9.10.2007/ 24.6.2008		10	12	10
1032 Engineer Manager	x	x		HW	xxx		8.2./3.10.2007/ 11.6.2008		9	11	18
1033 Test Engineer				HW	x		4.10.2007			15	
1034 Lead Engineer				HW	xx		9.10.2007/ 22.5.2008			14	20
1035 Senior Hardware Engineer				HW	x		23.10.2007			19	
1036 Senior Test Engineer				HW	x		23.10.2007			16	
1037 Project Manager				HW	x		23.10.2007			13	
1038 Project Manager	x			HW	xx		9.10.2007/ 11.6.2008			13	13
1039 Engineer Manager				HW	xx		6.11.2007/ 13.6.2008	x		13	14
1040 Lead Engineer				HW	x		6.11.2007			18	
1041 HW Designer				HW	xx		6.11.2007/ 13.6.2008			9	13
1042 HW Designer				HW	x		6.11.2007			18	
1043 Test Engineer				HW	x		6.11.2007			16	
1044 Engineer Manager			x	HW	x		24.10.2007			20	
1045 Hardware Engineer			x	HW	x		24.10.2007			15	
1046 Engineer/Project Manager			(x)*	HW	xx		20.11.2007/ 4.6.2008			23	18
1047 Senior Mechanics Engineer			(x)*	HW	x		1.11.2007			16	
1048 Engineer Manager	x		x	HW	x	x	25.1.2007/ 27.5.2008		9		16
1049 Test Engineer				HW	x		26.11.2007			11	
1050 Project Manager				HW	x		6.6.2008				14
<b>Total</b>	<b>6</b>	<b>2</b>	<b>5</b>		<b>34</b>	<b>2</b>		<b>1</b>	<b>44</b>	<b>291</b>	<b>164</b>

\* site closed in summer 2008

Table 15 The interview sources and data collection statistics for Spin off company

Spin off	Key person	Retention contract	Turnover	Organisation	Face-to-face	Phone interviews	Dates	Snowball	INT1 pages	INT2 pages	INT3 pages
1051	CEO		x	prior SW	x		30.10.2007			13	
1052	Development Manager		x	prior SW	x		26.10.2008	x		11	

Table 16 The interview sources and data collection statistics for the parent company and a summary of the total interview

## Interviewees from parent company in India

Case	Org. Position	Organisation	Interview	Dates	Snowball	Pages
2001	Alignment Manager	parent company	xx	9.2.26.6.2007		29
2002	General Manager Finance	parent company	x	17.12.2007	x	10
2003	HR Handset Solutions	parent company	x	18.12.2007		11
2004	Senior Manager (HR)	parent company	x	18.12.2007		17
2005	Senior Manager (Strategy)	parent company	x	19.12.2007		14
2006	Senior VP (HR)	parent company	x	19.12.2007		33
2007	Senior Vice President Handset Solutions	parent company	x	20.12.2007		12
2008	Professor in Corporate Strategy and Policy	IIMB	x	19.12.2007	x	12
2009	HR Manager, Europe	Gamma Europe	x	16.12.2008	x	8
<b>Total</b>	<b>9 interviewees</b>		<b>10 interviews</b>			<b>146</b>

<b>Total interviews at Gamma Group</b>		<b>INT 1</b>	<b>INT 2</b>	<b>INT 3</b>
<b>52 interviewees</b>	<b>94 interviews</b>	<b>185</b>	<b>772</b>	<b>405</b>
<b>Total interview pages</b>		<b>1362</b>		

## APPENDIX 11 The coding statistics

Table 17 The Nvivo7 node summary report on interview codes and statistics

<b>Node Summary Report</b>			
<b>Project:</b>	Key persons' organisational commitment		
<b>Generated:</b>	2.9.2009 22:06		
<b>Acquisition</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	438
<b>Created</b>	18.9.2008 11:59	<b>Paragraphs Coded</b>	18
<b>Modified</b>	20.12.2008 22:26	<b>Coding References</b>	6
		<b>Sources Coded</b>	5
		<b>Cases Coded</b>	5
<b>Acquisition expectations</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	7 924
<b>Created</b>	18.9.2008 12:00	<b>Paragraphs Coded</b>	275
<b>Modified</b>	13.1.2009 21:58	<b>Coding References</b>	134
		<b>Sources Coded</b>	57
		<b>Cases Coded</b>	57
<b>Acquisition experience</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	33 619
<b>Created</b>	18.9.2008 12:01	<b>Paragraphs Coded</b>	1 324
<b>Modified</b>	22.1.2009 12:36	<b>Coding References</b>	571
		<b>Sources Coded</b>	90
		<b>Cases Coded</b>	90
<b>Acquisition role</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	1 647
<b>Created</b>	18.9.2008 12:15	<b>Paragraphs Coded</b>	55
<b>Modified</b>	22.1.2009 21:29	<b>Coding References</b>	24
		<b>Sources Coded</b>	15
		<b>Cases Coded</b>	15
<b>Acquisition wishes</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	11 971
<b>Created</b>	18.9.2008 12:01	<b>Paragraphs Coded</b>	423
<b>Modified</b>	22.1.2009 13:01	<b>Coding References</b>	176
		<b>Sources Coded</b>	79
		<b>Cases Coded</b>	79
<b>Acquisitions motives</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	44
<b>Created</b>	18.9.2008 11:59	<b>Paragraphs Coded</b>	4
<b>Modified</b>	21.12.2008 0:43	<b>Coding References</b>	1
		<b>Sources Coded</b>	1
		<b>Cases Coded</b>	1
<b>Announcement of the deal</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	7 537
<b>Created</b>	18.9.2008 12:00	<b>Paragraphs Coded</b>	392
<b>Modified</b>	22.1.2009 12:36	<b>Coding References</b>	137
		<b>Sources Coded</b>	39
		<b>Cases Coded</b>	39
<b>Alpha motives</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	5 828
<b>Created</b>	18.9.2008 12:00	<b>Paragraphs Coded</b>	95
<b>Modified</b>	7.1.2009 23:29	<b>Coding References</b>	54
		<b>Sources Coded</b>	23
		<b>Cases Coded</b>	23
<b>Alpha commitment</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	852
<b>Created</b>	18.9.2008 11:39	<b>Paragraphs Coded</b>	54
<b>Modified</b>	7.1.2009 23:34	<b>Coding References</b>	16
		<b>Sources Coded</b>	7
		<b>Cases Coded</b>	7
<b>Alpha history</b>			<b>Tree Node</b>
<b>Nickname</b>		<b>Words Coded</b>	10 646
<b>Created</b>	18.9.2008 11:23	<b>Paragraphs Coded</b>	285
<b>Modified</b>	13.1.2009 14:55	<b>Coding References</b>	126
		<b>Sources Coded</b>	24
		<b>Cases Coded</b>	24

<b>Alpha CityA</b>			<b>Tree Node</b>
Nickname		Words Coded	702
Created	3.11.2008 0:04	Paragraphs Coded	22
Modified	13.1.2009 17:14	Coding References	12
		Sources Coded	6
		Cases Coded	6
<b>Career commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	15 150
Created	18.9.2008 11:42	Paragraphs Coded	520
Modified	22.1.2009 12:52	Coding References	260
		Sources Coded	81
		Cases Coded	81
<b>Career development</b>			<b>Tree Node</b>
Nickname		Words Coded	22 384
Created	3.11.2008 0:14	Paragraphs Coded	855
Modified	22.1.2009 12:52	Coding References	390
		Sources Coded	88
		Cases Coded	88
<b>Commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	5 266
Created	18.9.2008 11:38	Paragraphs Coded	83
Modified	22.1.2009 17:23	Coding References	50
		Sources Coded	21
		Cases Coded	21
<b>Commitment in M&amp;A</b>			<b>Tree Node</b>
Nickname		Words Coded	8 535
Created	18.9.2008 11:41	Paragraphs Coded	283
Modified	22.1.2009 12:56	Coding References	110
		Sources Coded	60
		Cases Coded	60
<b>Commitments in life</b>			<b>Tree Node</b>
Nickname		Words Coded	6 056
Created	18.9.2008 11:42	Paragraphs Coded	239
Modified	13.1.2009 22:36	Coding References	127
		Sources Coded	39
		Cases Coded	39
<b>Committed person</b>			<b>Tree Node</b>
Nickname		Words Coded	6 132
Created	18.9.2008 11:40	Paragraphs Coded	188
Modified	22.1.2009 12:54	Coding References	91
		Sources Coded	60
		Cases Coded	60
<b>Committing HR practices</b>			<b>Tree Node</b>
Nickname		Words Coded	404
Created	18.9.2008 11:41	Paragraphs Coded	9
Modified	21.12.2008 0:38	Coding References	7
		Sources Coded	5
		Cases Coded	5
<b>communication and Integration information</b>			<b>Tree Node</b>
Nickname		Words Coded	31 755
Created	18.9.2008 12:02	Paragraphs Coded	1 475
Modified	22.1.2009 12:48	Coding References	564
		Sources Coded	87
		Cases Coded	87
<b>competitive advantage</b>			<b>Tree Node</b>
Nickname		Words Coded	4 520
Created	30.12.2008 23:46	Paragraphs Coded	188
Modified	9.2.2009 16:58	Coding References	98
		Sources Coded	26
		Cases Coded	26
<b>contact and cooperation</b>			<b>Tree Node</b>
Nickname		Words Coded	49 628
Created	2.11.2008 23:58	Paragraphs Coded	1 846
Modified	9.2.2009 18:37	Coding References	872
		Sources Coded	86
		Cases Coded	86
<b>Cultural differences</b>			<b>Tree Node</b>
Nickname		Words Coded	34 961
Created	18.9.2008 12:03	Paragraphs Coded	884
Modified	22.1.2009 12:51	Coding References	515
		Sources Coded	90
		Cases Coded	90

<b>Customer projects</b>			<b>Tree Node</b>
Nickname		Words Coded	13 379
Created	18.9.2008 12:04	Paragraphs Coded	429
Modified	13.1.2009 23:01	Coding References	242
		Sources Coded	42
		Cases Coded	42
<b>Due Diligence</b>			<b>Tree Node</b>
Nickname		Words Coded	1 088
Created	18.9.2008 12:17	Paragraphs Coded	38
Modified	13.12.2008 12:20	Coding References	20
		Sources Coded	6
		Cases Coded	6
<b>Employee-management relationship</b>			<b>Tree Node</b>
Nickname		Words Coded	24 198
Created	18.9.2008 12:15	Paragraphs Coded	1 170
Modified	13.1.2009 23:17	Coding References	492
		Sources Coded	64
		Cases Coded	64
<b>Entrepreneurial</b>			<b>Tree Node</b>
Nickname		Words Coded	9 857
Created	7.11.2008 9:47	Paragraphs Coded	310
Modified	22.1.2009 15:17	Coding References	133
		Sources Coded	24
		Cases Coded	24
<b>Futur</b>			<b>Tree Node</b>
Nickname		Words Coded	16 149
Created	18.9.2008 12:18	Paragraphs Coded	625
Modified	22.1.2009 13:02	Coding References	281
		Sources Coded	68
		Cases Coded	68
<b>goal</b>			<b>Tree Node</b>
Nickname		Words Coded	10 858
Created	1.1.2009 20:36	Paragraphs Coded	319
Modified	9.2.2009 16:56	Coding References	160
		Sources Coded	37
		Cases Coded	37
<b>HR management</b>			<b>Tree Node</b>
Nickname		Words Coded	9 777
Created	18.9.2008 11:56	Paragraphs Coded	366
Modified	13.1.2009 18:22	Coding References	144
		Sources Coded	41
		Cases Coded	41
<b>HR practices</b>			<b>Tree Node</b>
Nickname		Words Coded	57 289
Created	18.9.2008 11:56	Paragraphs Coded	3 031
Modified	22.1.2009 12:48	Coding References	1 047
		Sources Coded	89
		Cases Coded	89
<b>HW (Hardware)</b>			<b>Tree Node</b>
Nickname		Words Coded	240
Created	3.11.2008 0:05	Paragraphs Coded	15
Modified	21.12.2008 19:05	Coding References	9
		Sources Coded	3
		Cases Coded	3
<b>Incentive to stay</b>			<b>Tree Node</b>
Nickname		Words Coded	2 937
Created	3.11.2008 0:10	Paragraphs Coded	170
Modified	13.1.2009 23:16	Coding References	82
		Sources Coded	28
		Cases Coded	28
<b>India</b>			<b>Tree Node</b>
Nickname		Words Coded	70
Created	18.9.2008 12:03	Paragraphs Coded	3
Modified	9.1.2009 17:21	Coding References	1
		Sources Coded	1
		Cases Coded	1
<b>Indian motives</b>			<b>Tree Node</b>
Nickname		Words Coded	111
Created	19.5.2009 10:59	Paragraphs Coded	1
Modified	19.5.2009 11:16	Coding References	1
		Sources Coded	1
		Cases Coded	1



<b>Integration</b>			<b>Tree Node</b>
Nickname		Words Coded	109
Created	18.9.2008 12:01	Paragraphs Coded	3
Modified	2.12.2008 23:05	Coding References	1
		Sources Coded	1
		Cases Coded	1
<b>Integration challenges</b>			<b>Tree Node</b>
Nickname		Words Coded	18 776
Created	18.9.2008 12:02	Paragraphs Coded	566
Modified	22.1.2009 12:49	Coding References	276
		Sources Coded	79
		Cases Coded	79
<b>Integration manager</b>			<b>Tree Node</b>
Nickname		Words Coded	2 681
Created	4.11.2008 16:11	Paragraphs Coded	64
Modified	22.1.2009 21:37	Coding References	44
		Sources Coded	18
		Cases Coded	18
<b>Integration phase and process</b>			<b>Tree Node</b>
Nickname		Words Coded	43 916
Created	18.9.2008 12:02	Paragraphs Coded	1 375
Modified	22.1.2009 21:57	Coding References	718
		Sources Coded	90
		Cases Coded	90
<b>integration succeeded in</b>			<b>Tree Node</b>
Nickname		Words Coded	1 677
Created	4.10.2008 13:30	Paragraphs Coded	77
Modified	13.1.2009 22:56	Coding References	45
		Sources Coded	15
		Cases Coded	15
<b>Integration team</b>			<b>Tree Node</b>
Nickname		Words Coded	4 216
Created	18.9.2008 12:01	Paragraphs Coded	127
Modified	22.1.2009 18:00	Coding References	79
		Sources Coded	32
		Cases Coded	32
<b>Integration wishes and expectations</b>			<b>Tree Node</b>
Nickname		Words Coded	12 036
Created	18.9.2008 12:02	Paragraphs Coded	355
Modified	22.1.2009 18:24	Coding References	178
		Sources Coded	79
		Cases Coded	79
<b>Intensive to leave</b>			<b>Tree Node</b>
Nickname		Words Coded	3 769
Created	3.11.2008 0:09	Paragraphs Coded	186
Modified	13.1.2009 23:16	Coding References	96
		Sources Coded	32
		Cases Coded	32
<b>Beta commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	339
Created	18.9.2008 11:39	Paragraphs Coded	9
Modified	29.12.2008 16:24	Coding References	3
		Sources Coded	2
		Cases Coded	2
<b>Beta history</b>			<b>Tree Node</b>
Nickname		Words Coded	5 996
Created	18.9.2008 11:24	Paragraphs Coded	150
Modified	22.1.2009 12:17	Coding References	73
		Sources Coded	21
		Cases Coded	21
<b>IT industry</b>			<b>Tree Node</b>
Nickname		Words Coded	8 429
Created	20.11.2008 15:28	Paragraphs Coded	294
Modified	22.1.2009 11:29	Coding References	151
		Sources Coded	26
		Cases Coded	26
<b>Job and task commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	22 638
Created	18.9.2008 11:42	Paragraphs Coded	804
Modified	9.2.2009 10:19	Coding References	392
		Sources Coded	84
		Cases Coded	84

<b>Job satisfaction</b>			<b>Tree Node</b>
Nickname		Words Coded	5 371
Created	18.9.2008 11:44	Paragraphs Coded	207
Modified	22.1.2009 11:14	Coding References	101
		Sources Coded	38
		Cases Coded	38
<b>Joint projects with Gamma</b>			<b>Tree Node</b>
Nickname		Words Coded	15 189
Created	18.9.2008 12:04	Paragraphs Coded	526
Modified	22.1.2009 17:09	Coding References	278
		Sources Coded	49
		Cases Coded	49
<b>Key persons</b>			<b>Tree Node</b>
Nickname		Words Coded	0
Created	1.4.2009 13:57	Paragraphs Coded	0
Modified	1.4.2009 13:57	Coding References	0
		Sources Coded	0
		Cases Coded	0
<b>Key persons</b>			<b>Tree Node</b>
Nickname		Words Coded	30 688
Created	18.9.2008 11:55	Paragraphs Coded	1 278
Modified	22.1.2009 22:16	Coding References	486
		Sources Coded	80
		Cases Coded	80
<b>M&amp;A influence on commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	101
Created	4.11.2008 17:16	Paragraphs Coded	6
Modified	14.11.2008 14:27	Coding References	2
		Sources Coded	2
		Cases Coded	2
<b>Management</b>			<b>Tree Node</b>
Nickname		Words Coded	16 649
Created	18.9.2008 11:37	Paragraphs Coded	550
Modified	13.1.2009 22:55	Coding References	267
		Sources Coded	54
		Cases Coded	54
<b>Management culture and way</b>			<b>Tree Node</b>
Nickname		Words Coded	13 407
Created	18.9.2008 11:55	Paragraphs Coded	319
Modified	13.1.2009 22:58	Coding References	205
		Sources Coded	36
		Cases Coded	36
<b>media</b>			<b>Tree Node</b>
Nickname		Words Coded	4 351
Created	4.11.2008 16:54	Paragraphs Coded	197
Modified	22.1.2009 10:47	Coding References	75
		Sources Coded	40
		Cases Coded	40
<b>Motivation</b>			<b>Tree Node</b>
Nickname		Words Coded	11 216
Created	18.9.2008 12:14	Paragraphs Coded	414
Modified	22.1.2009 12:53	Coding References	193
		Sources Coded	76
		Cases Coded	76
<b>OID Alpha</b>			<b>Tree Node</b>
Nickname		Words Coded	5 601
Created	18.9.2008 11:53	Paragraphs Coded	183
Modified	13.1.2009 22:20	Coding References	79
		Sources Coded	32
		Cases Coded	32
<b>OID Beta</b>			<b>Tree Node</b>
Nickname		Words Coded	4 761
Created	18.9.2008 11:53	Paragraphs Coded	155
Modified	22.1.2009 11:23	Coding References	66
		Sources Coded	24
		Cases Coded	24
<b>OID Gamma Europe</b>			<b>Tree Node</b>
Nickname		Words Coded	705
Created	18.9.2008 11:53	Paragraphs Coded	25
Modified	10.1.2009 20:27	Coding References	12
		Sources Coded	7
		Cases Coded	7

<b>OID Gamma India</b>			<b>Tree Node</b>
Nickname		Words Coded	491
Created	18.9.2008 11:54	Paragraphs Coded	16
Modified	13.1.2009 12:35	Coding References	8
		Sources Coded	6
		Cases Coded	6
<b>organisation</b>			<b>Tree Node</b>
Nickname		Words Coded	0
Created	18.9.2008 11:22	Paragraphs Coded	0
Modified	18.9.2008 11:22	Coding References	0
		Sources Coded	0
		Cases Coded	0
<b>organisation history</b>			<b>Tree Node</b>
Nickname		Words Coded	124
Created	18.9.2008 11:23	Paragraphs Coded	1
Modified	7.11.2008 0:29	Coding References	1
		Sources Coded	1
		Cases Coded	1
<b>organisational changes</b>			<b>Tree Node</b>
Nickname		Words Coded	54 059
Created	18.9.2008 11:35	Paragraphs Coded	1 675
Modified	22.1.2009 12:49	Coding References	869
		Sources Coded	89
		Cases Coded	89
<b>organisational commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	0
Created	1.4.2009 13:58	Paragraphs Coded	0
Modified	1.4.2009 13:58	Coding References	0
		Sources Coded	0
		Cases Coded	0
<b>organisational commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	65 122
Created	18.9.2008 11:38	Paragraphs Coded	2 676
Modified	9.2.2009 10:19	Coding References	1 161
		Sources Coded	89
		Cases Coded	89
<b>organisational culture</b>			<b>Tree Node</b>
Nickname		Words Coded	37 345
Created	18.9.2008 11:37	Paragraphs Coded	1 497
Modified	22.1.2009 13:08	Coding References	594
		Sources Coded	83
		Cases Coded	83
<b>organisational identification</b>			<b>Tree Node</b>
Nickname		Words Coded	41 182
Created	18.9.2008 11:44	Paragraphs Coded	1 664
Modified	22.1.2009 13:00	Coding References	647
		Sources Coded	88
		Cases Coded	88
<b>organisational justice</b>			<b>Tree Node</b>
Nickname		Words Coded	1 339
Created	18.9.2008 12:18	Paragraphs Coded	54
Modified	9.2.2009 18:35	Coding References	21
		Sources Coded	14
		Cases Coded	14
<b>organisational structure</b>			<b>Tree Node</b>
Nickname		Words Coded	20 686
Created	18.9.2008 11:35	Paragraphs Coded	735
Modified	22.1.2009 12:57	Coding References	347
		Sources Coded	61
		Cases Coded	61
<b>organisational values</b>			<b>Tree Node</b>
Nickname		Words Coded	7 965
Created	18.9.2008 11:54	Paragraphs Coded	258
Modified	13.1.2009 18:22	Coding References	100
		Sources Coded	47
		Cases Coded	47
<b>Parent company perceptions</b>			<b>Tree Node</b>
Nickname		Words Coded	16 425
Created	18.9.2008 12:16	Paragraphs Coded	712
Modified	22.1.2009 12:58	Coding References	291
		Sources Coded	89
		Cases Coded	89

<b>Parent company visibility</b>			<b>Tree Node</b>
Nickname		Words Coded	10 783
Created	3.11.2008 0:06	Paragraphs Coded	473
Modified	13.1.2009 23:05	Coding References	212
		Sources Coded	53
		Cases Coded	53
<b>Preacquisition</b>			<b>Tree Node</b>
Nickname		Words Coded	5 028
Created	18.9.2008 12:17	Paragraphs Coded	196
Modified	22.1.2009 18:06	Coding References	87
		Sources Coded	24
		Cases Coded	24
<b>Previous acquisition experience</b>			<b>Tree Node</b>
Nickname		Words Coded	9 824
Created	18.9.2008 12:16	Paragraphs Coded	425
Modified	22.1.2009 15:08	Coding References	152
		Sources Coded	50
		Cases Coded	50
<b>Projects</b>			<b>Tree Node</b>
Nickname		Words Coded	1 053
Created	18.9.2008 12:04	Paragraphs Coded	21
Modified	6.1.2009 19:43	Coding References	12
		Sources Coded	9
		Cases Coded	9
<b>Results Q1</b>			<b>Tree Node</b>
Nickname		Words Coded	269
Created	3.11.2008 0:20	Paragraphs Coded	7
Modified	20.11.2008 15:24	Coding References	7
		Sources Coded	1
		Cases Coded	1
<b>Results Q2</b>			<b>Tree Node</b>
Nickname		Words Coded	19 275
Created	3.11.2008 0:20	Paragraphs Coded	705
Modified	11.1.2009 15:33	Coding References	254
		Sources Coded	44
		Cases Coded	44
<b>Results Q3</b>			<b>Tree Node</b>
Nickname		Words Coded	3 292
Created	3.11.2008 0:20	Paragraphs Coded	131
Modified	13.1.2009 23:22	Coding References	74
		Sources Coded	13
		Cases Coded	13
<b>Role ambiguity</b>			<b>Tree Node</b>
Nickname		Words Coded	4 359
Created	1.11.2008 16:43	Paragraphs Coded	103
Modified	13.1.2009 16:35	Coding References	72
		Sources Coded	22
		Cases Coded	22
<b>Rumours</b>			<b>Tree Node</b>
Nickname		Words Coded	2 012
Created	18.9.2008 12:17	Paragraphs Coded	93
Modified	22.1.2009 12:36	Coding References	41
		Sources Coded	21
		Cases Coded	21
<b>Gamma India history</b>			<b>Tree Node</b>
Nickname		Words Coded	191
Created	18.9.2008 11:24	Paragraphs Coded	4
Modified	13.12.2008 10:30	Coding References	1
		Sources Coded	1
		Cases Coded	1
<b>Gamma India organisation</b>			<b>Tree Node</b>
Nickname		Words Coded	14 144
Created	3.11.2008 0:06	Paragraphs Coded	485
Modified	13.1.2009 23:27	Coding References	228
		Sources Coded	33
		Cases Coded	33
<b>Gamma Europe HRM practices</b>			<b>Tree Node</b>
Nickname		Words Coded	6 414
Created	3.11.2008 0:22	Paragraphs Coded	269
Modified	13.1.2009 23:24	Coding References	112
		Sources Coded	41
		Cases Coded	41

<b>Gamma Europe organisation</b>			<b>Tree Node</b>
Nickname		Words Coded	14 536
Created	4.12.2008 17:30	Paragraphs Coded	677
Modified	22.1.2009 12:58	Coding References	268
		Sources Coded	36
		Cases Coded	36
<b>Gamma Europe commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	7 042
Created	18.9.2008 11:39	Paragraphs Coded	316
Modified	22.1.2009 12:59	Coding References	116
		Sources Coded	45
		Cases Coded	45
<b>Gamma India HRM practices</b>			<b>Tree Node</b>
Nickname		Words Coded	21 494
Created	3.11.2008 0:22	Paragraphs Coded	920
Modified	22.1.2009 15:17	Coding References	396
		Sources Coded	90
		Cases Coded	90
<b>Gamma India commitment</b>			<b>Tree Node</b>
Nickname		Words Coded	3 773
Created	18.9.2008 11:40	Paragraphs Coded	215
Modified	13.1.2009 23:20	Coding References	78
		Sources Coded	44
		Cases Coded	44
<b>Gamma motives</b>			<b>Tree Node</b>
Nickname		Words Coded	2 879
Created	18.9.2008 12:00	Paragraphs Coded	72
Modified	30.12.2008 15:46	Coding References	37
		Sources Coded	18
		Cases Coded	18
<b>Gamma Alpha Distant Site</b>			<b>Tree Node</b>
Nickname		Words Coded	3 196
Created	3.11.2008 0:05	Paragraphs Coded	227
Modified	11.1.2009 14:04	Coding References	68
		Sources Coded	15
		Cases Coded	15
<b>Site change willingness</b>			<b>Tree Node</b>
Nickname		Words Coded	3 038
Created	3.11.2008 0:11	Paragraphs Coded	191
Modified	30.12.2008 20:09	Coding References	66
		Sources Coded	23
		Cases Coded	23
<b>Stakeholders</b>			<b>Tree Node</b>
Nickname		Words Coded	16 894
Created	4.11.2008 15:55	Paragraphs Coded	588
Modified	22.1.2009 15:09	Coding References	270
		Sources Coded	52
		Cases Coded	52
<b>success</b>			<b>Tree Node</b>
Nickname		Words Coded	3 458
Created	1.1.2009 20:24	Paragraphs Coded	126
Modified	22.1.2009 18:27	Coding References	74
		Sources Coded	24
		Cases Coded	24
<b>Synergies</b>			<b>Tree Node</b>
Nickname		Words Coded	4 574
Created	13.12.2008 10:33	Paragraphs Coded	90
Modified	9.2.2009 16:56	Coding References	62
		Sources Coded	24
		Cases Coded	24
<b>Turnover</b>			<b>Tree Node</b>
Nickname		Words Coded	21 731
Created	4.11.2008 16:22	Paragraphs Coded	1 129
Modified	22.1.2009 13:03	Coding References	395
		Sources Coded	86
		Cases Coded	86
<b>Turnover intentions</b>			<b>Tree Node</b>
Nickname		Words Coded	2 803
Created	18.9.2008 11:44	Paragraphs Coded	97
Modified	12.1.2009 0:05	Coding References	47
		Sources Coded	12
		Cases Coded	12

We-Us attitudes			Tree Node
Nickname		Words Coded	14 126
Created	18.9.2008 12:02	Paragraphs Coded	546
Modified	22.1.2009 13:08	Coding References	227
		Sources Coded	76
		Cases Coded	76
Visits to India			Tree Node
Nickname		Words Coded	3 524
Created	18.9.2008 12:03	Paragraphs Coded	212
Modified	22.1.2009 12:38	Coding References	89
		Sources Coded	41
		Cases Coded	41
Work			Tree Node
Nickname		Words Coded	18 775
Created	1.11.2008 16:42	Paragraphs Coded	1 006
Modified	21.1.2009 22:48	Coding References	343
		Sources Coded	78
		Cases Coded	78
Work attitudes			Tree Node
Nickname		Words Coded	0
Created	18.9.2008 11:38	Paragraphs Coded	0
Modified	18.9.2008 11:38	Coding References	0
		Sources Coded	0
		Cases Coded	0
Personnel negotiations			Tree Node
Nickname		Words Coded	2 158
Created	30.12.2008 23:55	Paragraphs Coded	147
Modified	13.1.2009 23:23	Coding References	72
		Sources Coded	7
		Cases Coded	7

## APPENDIX 12 Comparing means between organisational commitment and M&A experience

Table 18 Comparing means between organisational commitment towards Gamma Europe (OCT) and M&A experience (see figure 33) in June 2008 (n=175)

Report Q4 June 2008

OCT (organisational commitment target, Gamma Europe)

M&A EXPERIENCE	Mean	N	Std.			Std. Error of Kurtosis	Std. Error of Skewness	Std. Error of Skewness
			Deviation	Variance	Kurtosis			
<i>positive</i>	4.8	38	0.706	0.498	-0.079	0.750	-0.337	0.383
<i>negative</i>	3.1	33	0.973	0.948	-0.379	0.798	0.070	0.409
<i>neutral</i>	4.1	73	0.805	0.648	-0.086	0.555	0.140	0.281
<i>no experience</i>	4.4	31	0.776	0.602	-0.315	0.821	-0.135	0.421
Total	4.2	175	0.977	0.954	0.002	0.365	-0.385	0.184

### ANOVA Table

		Sum of Squares	df	Mean Square	F	Sig.
OCT * M&A EXPERIENCE	Between Groups (Combined)	52.471	3	17.490	26.353	0.000
	Linearity	0.340	1	0.340	0.512	0.475
	Deviation from Linearity	52.131	2	26.066	39.274	0.000
	Within Groups	113.490	171	0.664		
	Total	165.962	174			

### Measures of Association

	R	R Squared	Eta	Eta Squared
OCT * M&A EXPERIENCE	-0.045	0.002	0.562	0.316

Table 19 Comparing means between organisational commitment towards Gamma India (OCAC) and M&A experience (see figure 35) in June 2008 (n=173)

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OCAC (organisational commitment acquirer, Gamma India)

			Std.			Std. Error		Std. Error of
M&AEXPERIENCE	Mean	N	Deviation	Variance	Kurtosis	of Kurtosis	Skewness	Skewness
<i>positive</i>	4.4	38	0.794	0.630	1.249	0.750	-0.128	0.383
<i>negative</i>	2.4	33	0.936	0.876	-0.459	0.798	0.225	0.409
<i>neutral</i>	3.6	73	0.862	0.743	0.273	0.555	0.197	0.281
<i>no experience</i>	3.9	29	0.793	0.629	-0.269	0.845	0.097	0.434
Total	3.6	173	1.061	1.126	-0.002	0.367	-0.250	0.185

ANOVA Table

		Sum of Squares	df	Mean Square	F	Sig.
<b>OCAC *</b>						
<b>M&amp;AEXPERIENCE</b>	Between Groups (Combined)	71.250	3	23.750	32.776	0.000
	Linearity	0.844	1	0.844	1.165	0.282
	Deviation from Linearity	70.406	2	35.203	48.581	0.000
	Within Groups	122.461	169	0.725		
	Total	193.711	172			

Measures of Association

	R	R Squared	Eta	Eta Squared
<b>OCAC *</b>				
<b>M&amp;AEXPERIENCE</b>	-0.066	0.004	<b>0.606</b>	<b>0.368</b>



## APPENDIX 13 Spearman's correlations

Table 20 Spearman's correlations on survey 1

SURVEY 1 (Q1)			Q1OCT	Q1CCOM	Q1TCOM	Q1OIDT	Q1OCAC	Q1OIDAC
Spearman's rho	<b>Q1OCT</b>	Correlation Coefficient	1					
		Sig. (2-tailed)						
		N	65					
	<b>Q1CCOM</b>	Correlation Coefficient	<b>0.631</b>	1				
		Sig. (2-tailed)	0.000					
		N	65	65				
	<b>Q1TCOM</b>	Correlation Coefficient	<b>0.485</b>	<b>0.628</b>	1			
		Sig. (2-tailed)	0.000	0.000				
		N	65	65	65			
	<b>Q1OIDT</b>	Correlation Coefficient	<b>0.675</b>	<b>0.529</b>	<b>0.558</b>	1		
		Sig. (2-tailed)	0.000	0.000	0.000			
		N	65	65	65	65		
	<b>Q1OCAC</b>	Correlation Coefficient	<b>0.786</b>	<b>0.584</b>	<b>0.508</b>	<b>0.649</b>	1	
		Sig. (2-tailed)	0.000	0.000	0.000	0.000		
		N	63	63	63	63	63	
	<b>Q1OIDAC</b>	Correlation Coefficient	<b>0.495</b>	<b>0.362</b>	<b>0.502</b>	<b>0.632</b>	<b>0.739</b>	1
		Sig. (2-tailed)	0.000	0.004	0.000	0.000	0.000	
		N	61	61	61	61	61	61

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 21 Spearman's correlations on survey 2

SURVEY 2 (Q2)			Q2OCT	Q2CCOM	Q2TCOM	Q2OIDT	Q2OCAC	Q2OIDAC	Q2TURNIN
Spearman's rho	<b>Q2OCT</b>	Correlation Coefficient	1						
		Sig. (2-tailed)							
		N	65						
	<b>Q2CCOM</b>	Correlation Coefficient	<b>0.605</b>	1					
		Sig. (2-tailed)	0.000						
		N	65	65					
	<b>Q2TCOM</b>	Correlation Coefficient	<b>0.563</b>	<b>0.628</b>	1				
		Sig. (2-tailed)	0.000	0.000					
		N	65	65	65				
	<b>Q2OIDT</b>	Correlation Coefficient	<b>0.644</b>	<b>0.445</b>	<b>0.523</b>	1			
		Sig. (2-tailed)	0.000	0.000	0.000				
		N	65	65	65	65			
	<b>Q2OCAC</b>	Correlation Coefficient	<b>0.816</b>	<b>0.474</b>	<b>0.499</b>	<b>0.761</b>	1		
		Sig. (2-tailed)	0.000	0.000	0.000	0.000			
		N	64	64	64	64	64		
	<b>Q2OIDAC</b>	Correlation Coefficient	<b>0.622</b>	<b>0.387</b>	<b>0.463</b>	<b>0.831</b>	<b>0.855</b>	1	
		Sig. (2-tailed)	0.000	0.001	0.000	0.000	0.000		
		N	65	65	65	65	64	65	
	<b>Q2TURNIN</b>	Correlation Coefficient	<b>-0.750</b>	<b>-0.470</b>	<b>-0.415</b>	<b>-0.515</b>	<b>-0.751</b>	<b>-0.507</b>	1
		Sig. (2-tailed)	0.000	0.000	0.001	0.000	0.000	0.000	
		N	65	65	65	65	64	65	65

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 22 Spearman's correlations on survey 3

**SURVEY 3 (Q3)**

		Q3OCT	Q3OIDT	Q3CCOM	Q3TCOM	Q3TURNIN	
Spearman's rho	<b>Q3OCT</b>	Correlation Coefficient	1				
		Sig. (2-tailed)					
		N	65				
	<b>Q3OIDT</b>	Correlation Coefficient	<b>0.549</b>	1			
		Sig. (2-tailed)	0.000				
		N	65	65			
	<b>Q3CCOM</b>	Correlation Coefficient	<b>0.487</b>	<b>0.365</b>	1		
		Sig. (2-tailed)	0.000	0.003			
		N	65	65	65		
	<b>Q3TCOM</b>	Correlation Coefficient	<b>0.382</b>	<b>0.488</b>	<b>0.640</b>	1	
		Sig. (2-tailed)	0.002	0.000	0.000		
		N	65	65	65	65	
	<b>Q3TURNIN</b>	Correlation Coefficient	<b>-0.718</b>	<b>-0.400</b>	<b>-0.572</b>	<b>-0.380</b>	1
		Sig. (2-tailed)	0.000	0.001	0.000	0.002	
		N	65	65	65	65	65

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 23 Spearman's correlations on survey 4

**SURVEY 4 (Q4)**

		Q4OCT	Q4OIDT	Q4CCOM	Q4TCOM	Q4OCAC	Q4OIDAC	Q4TURNIN	
Spearman's rho	<b>Q4OCT</b>	Correlation Coefficient	1						
		Sig. (2-tailed)							
		N	65						
	<b>Q4OIDT</b>	Correlation Coefficient	<b>0.597</b>	1					
		Sig. (2-tailed)	0.000						
		N	65	65					
	<b>Q4CCOM</b>	Correlation Coefficient	<b>0.486</b>	<b>0.455</b>	1				
		Sig. (2-tailed)	0.000	0.000					
		N	65	65	65				
	<b>Q4TCOM</b>	Correlation Coefficient	<b>0.542</b>	<b>0.522</b>	<b>0.572</b>	1			
		Sig. (2-tailed)	0.000	0.000	0.000				
		N	65	65	65	65			
	<b>Q4OCAC</b>	Correlation Coefficient	<b>0.826</b>	<b>0.500</b>	<b>0.387</b>	<b>0.485</b>	1		
		Sig. (2-tailed)	0.000	0.000	0.001	0.000			
		N	65	65	65	65	65		
	<b>Q4OIDAC</b>	Correlation Coefficient	<b>0.556</b>	<b>0.674</b>	<b>0.318</b>	<b>0.495</b>	<b>0.706</b>	1	
		Sig. (2-tailed)	0.000	0.000	0.010	0.000	0.000		
		N	65	65	65	65	65	65	
	<b>Q4TURNIN</b>	Correlation Coefficient	<b>-0.777</b>	<b>-0.399</b>	<b>-0.486</b>	<b>-0.435</b>	<b>-0.759</b>	<b>-0.442</b>	1
		Sig. (2-tailed)	0.000	0.001	0.000	0.000	0.000	0.000	
		N	65	65	65	65	65	65	65

\*\* Correlation is significant at the 0.01 level (2-tailed).

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