

**SATISFACTION WITH A MERGER, ITS IMPACT ON
ORGANIZATIONAL COMMITMENT AND TURNOVER
INTENTIONS: CANADIAN EVIDENCE**

**Ivy Akua Kyei-Poku
B.A. Psychology
Carleton University, Ottawa, Ontario
1996**

A Project Submitted to the School of Graduate Studies of the University of
Lethbridge in Partial Fulfillment of the Requirements for the Degree

Master of Science in Management

Lethbridge, Alberta
September 2002

© *Ivy Akua Kyei-Poku*

**SATISFACTION WITH A MERGER, ITS IMPACT ON
ORGANIZATIONAL COMMITMENT AND TURNOVER
INTENTIONS: CANADIAN EVIDENCE**

Ivy Akua Kyei-Poku

Approved:

Supervisor: Diane Miller, PhD

Date

Co-Supervisor: Helen Kelley, PhD

Date

External Examiner: Ian Gellatly, PhD
University of Alberta

Date

Chair, Project Examination Committee &
Director, Graduate Programs &
Research: Robert A. Boudreau, PhD

Date

THIS PROJECT IS DEDICATED TO:

The Glory of God, all things are possible with God (Luke 1:37)

My husband George, truly your love, support, and encouragement, not only made this possible but also made it worthwhile: You are one of a kind

My mother, Victoria; my brothers, Frempon and Nana Fredua, who are proud

My father, Dr. Martin K. Bafi-Yebo, who would have been proud

ABSTRACT

SATISFACTION WITH A MERGER, ITS IMPACT ON ORGANIZATIONAL COMMITMENT AND TURNOVER INTENTIONS: CANADIAN EVIDENCE

This study was conducted to examine the impact employee post-merger satisfaction has on employee organizational commitment and turnover intentions. Employees of a Canadian financial institution (N=73) completed surveys approximately seven months after a merger between two comparably sized banks. Partial Least Squares (PLS) approach to structural equation modeling (SEM) (e.g., Wold, 1982) provided evidence for the relationship between satisfaction with a merger and the affective and normative components of organizational commitment. Support was also found for the hypotheses that proposed that affective and normative commitments are negatively correlated with turnover intentions. The implications of these relationships are offered. Limitations of the study and directions for future research are also included.

ACKNOWLEDGEMENTS

Although the end of the process of completing a research project is one of the gratifying events of my life, looking back on all it took to get there leaves me wondering how I ever did it. But it is about a dream. It is about making a decision and striving for a goal and finally attaining it. It is about not letting down all those who fought and prayed along with me each step of the way. Therefore, as much as I must acknowledge my own efforts, I would like to acknowledge all those of whom, had they not been there, my dream would not have been realized.

My gratitude, therefore, goes to a wide range of people; they are the ones who constantly challenged, stimulated, and enlightened me. I wish to express my profound gratitude to my supervisor, Dr. Diane Miller, for her guidance, expertise, and insight through the conception, development, and completion of this research project. I express a very special appreciation to Dr. Helen Kelley, my co-supervisor, for her patience, expertise, insight, and guidance; you were also an indispensable source of encouragement: Thank you. A special thanks goes to my external examiner, Dr. Ian Gellatly, for taking the time to review my research project and for his invaluable comments.

I am grateful to Dr. Bob Boudreau for his guidance, wise counsel, and support and making sure everything unfolded as it should: You know what I mean. I am also grateful to Dr. Ali Dastmalchian and Dr. Angela Downey for their insightful feedback.

To all my instructors, thank you for believing in me and making this a singular intellectual experience.

I am grateful to the two contact persons who allowed me access and the opportunity to gather data. I am also indebted to the employees of the organization who willingly participated. You got this project off the ground.

To my peers and friends who made graduate school such an enjoyable and invaluable experience, Thank you. I have learned a lot from each of you. A special thanks goes to Sarah Howe, for her patience and unique understanding of people. Thank you Betsy Greenlees for editing my work, you did great.

Finally, I am forever indebted to my family, my mother, Dr. Victoria Bafi-Yeboa, my brothers Frempon and Nana Fredua, and my husband Dr. George Kyei-Poku, for their unending love, prayers, trust, encouragement, and support. Thank you all for also teaching me the value of education.

Above all, I thank the Almighty God for His **Favor** and **Mercy**, which took me through this study. Truly, Jesus is Lord.

*Ivy Kyei-Poku
Lethbridge, Alberta*

TABLE OF CONTENTS

Dedication.....	iii
Abstract.....	iv
Acknowledgements.....	v
List of Tables.....	x
List of Figures.....	xi
List of Appendixes.....	xii

CHAPTER I INTRODUCTION

Rationale and Statement of the Problem.....	4
Review of Literature.....	5
Financial Institutions.....	5
Mergers and Acquisitions.....	7
Transactional Difference between Mergers and Acquisitions.....	8
Mergers and Acquisitions Link to Human Issues.....	8
Satisfaction with Merger.....	9
Organizational Commitment.....	12
Turnover.....	21
Conceptualization and Hypotheses Development.....	23
Satisfaction with a Merger and Affective Commitment.....	25
Satisfaction with a Merger and Normative Commitment.....	26
Satisfaction with a Merger and Continuance Commitment.....	27
Satisfaction with a Merger and Turnover Intentions.....	28
Affective and Normative Commitment and Turnover Intentions.....	30
Continuance Commitment and Turnover Intentions.....	31
Satisfaction with a Merger, Organizational Commitment, and Turnover Intentions.....	32
Summary of Chapter.....	34

CHAPTER II RESEARCH METHODS

Setting and Sample.....	36
Ethics Approval.....	37
Description of Instruments.....	37
Satisfaction with a Merger scale.....	37
Organizational Commitment scale.....	38
Turnover Intention scale.....	39
General Job Satisfaction scale.....	39
Demographic Data.....	39
Procedure for Data Collection.....	40
Data Analysis and Research Design.....	41
Partial Least Squares.....	41
Summary of Chapter.....	42

CHAPTER III RESULTS

Description of Sample.....	43
Analysis of Survey Instruments.....	45
Assessment of Measurement Model.....	45
Assessment of Structural Model.....	55
Results of Analysis.....	58
Summary of Chapter.....	61

CHAPTER IV DICUSSION

Summary of Results.....	62
Interpretations and Explanations of Results Pertaining to Hypotheses.....	63
Hypothesis 1: Satisfaction with a Merger and Affective Commitment.....	63
Hypothesis 2: Satisfaction with a Merger and Normative Commitment.....	65
Hypothesis 3: Satisfaction with a Merger and Turnover Intentions.....	66
Hypothesis 4: Affective Commitment and Turnover Intentions.....	67
Hypothesis 5: Normative Commitment and Turnover Intentions.....	68
Hypothesis 6: Continuance Commitment and Turnover Intentions.....	69

Hypothesis 7: Merger Satisfaction, Organizational Commitment, and Turnover Intentions.....	70
Interpretations and Explanations of Results Pertaining to Research Questions.....	71
Implications.....	72
Implication for Theory and Research.....	72
Implication for M&A Management.....	74
Scope and Limitations.....	77
Future Directions.....	79
Summary and Conclusions.....	80
References.....	82
Guide to Questionnaire.....	103

LIST OF TABLES

Table 1: Demographic Characteristics of Participants.....	44
Table 2: Loadings and Cross-Loadings of Measures for Factor Structure and Discriminant Validity (Initial Model).....	47
Table 3: Construct Items and Loadings (Continuance Commitment).....	51
Table 4: Loadings and Cross-Loadings of Measures for Discriminant Validity (Trimmed Model).....	52
Table 5: Means, Standard Deviations, and Internal Consistencies of Latent Variables (Trimmed Model).....	54
Table 6: Correlation of Latent Variables.....	55
Table 7: Tests of Hypotheses and Research Questions (Trimmed Model).....	57

LIST OF FIGURES

Figure 1: Theoretical Model.....	34
Figure 2: Results of Research Model.....	56

LIST OF APPENDIXES

Appendix A	Cover Letter.....	97
Appendix B	Directions to Distributors.....	99
Appendix C	Questionnaire.....	101

Chapter I Introduction

Corporate combinations – the merger of separate entities into one firm or the acquisition of one firm by another entity – have become an increasingly common reality of organizational life, but estimates of mergers and acquisitions (M&As) failure range from a pessimistic 80% to a more optimistic, but still disappointing, 50% (Cartwright & Cooper, 1994). Despite these disappointing rates, M&As continue to go on unabatedly. In 1996, the United States reported a total of 6,828 M&A activities valued at US \$550.7 billion (Anonymous, 1997). This trend has not been limited to the United States alone. In Canada, 815 deals were consummated at a value of US \$36.7 billion (Anonymous, 1997). In 1998, the dollar value of mergers, acquisitions, and divestitures in Canada grew by 54.6%, reaching a record of US \$70.5 billion (Anonymous, 1999). These consolidations are occurring at an incredible pace, especially in the financial sector (Berger, Demsetz, & Strahan, 1999).

The primary reason cited for M&As is to achieve synergy, commonly described as the "2 + 2 = 5" effect (Cartwright & Cooper, 1993a; Weber, 1996) by integrating two or more business units in a combination that will increase competitive advantage (Porter, 1985). Regrettably, M&As appear to be only financially and strategically appealing on paper (Ashkenas, DeMonaco, & Francis, 1998; Cartwright & Cooper, 1992; Clemente, 2001; Schraeder, 2001). The evidence suggests that

M&As do not live up to their potential and in some cases perform even less than market average (Cho, 2002).

Historically, merger failures were only discussed with financial and strategic explanations. Recently there has been growing acceptance among researchers that the human dynamics or the human-resource issues during and following the actual merger or acquisition of two or more organizations are significant determinants of merger success or failure (Buono & Bowditch, 1989; Cartwright & Cooper, 1993a; Marks & Mirvis, 1992; Schraeder, 2001). A study by Davy, Kinicki, Kilroy, and Scheck (1988) cited examples of the human dynamics, which included decreases in job satisfaction, organizational commitment, performance, and employee motivation.

While most organizations may provide lip service to the idea that people are an organization's greatest asset, research indicates that the human-resource considerations play a relatively small role in M&A decisions (Marks & Mirvis, 1992). As the inadequacies of the more traditional explanations (e.g., financial explanations) of merger failure are increasingly being recognized, there has been a significant revival of interest in the human aspect of the phenomenon and its role in determining merger outcomes.

Two reasons have been cited for the failure of M&As with regards to human-resource issues or problems. First, the macro level, is the issue of culture compatibility between the merging organizations (Ashkenas et al., 1998; Cartwright & Cooper, 1993a).

Characteristically, organizational culture concerns symbols, values, ideologies, and assumptions, which often operate in an unconscious way that guides and fashions individual and business behaviour and serves to create organizational cohesiveness (Cartwright & Cooper, 1993b). Culture is as fundamental to an organization as personality is to the individual; therefore, it is increasingly argued that the degree of "culture fit" that exists between combining organizations is equally as important as the "strategic fit" (Cartwright & Cooper, 1995). Furthermore, it is likely to be directly correlated to acquisition success (Cartwright & Cooper, 1993a).

Second, a micro level, is the role of individuals or employees in the merger process. Employees are often forgotten or disregarded (Cartwright & Cooper, 1993a). In focusing on the financial issues and the creation of synergic values, such as firm performance, corporate leaders have overlooked the role of people in M&A transactions. Consequently, M&As have come to be associated with lower morale and job dissatisfaction, unproductive behavior, acts of sabotage and petty theft, increased labor turnover and absenteeism rates, and worsening strike and accident rates, rather than increased profitability (Armstrong-Stassen, Cameron, Mantler, & Horsburgh, 2001; Newman & Krzystofiak, 1993; Schweiger & DeNisi, 1991). All of these factors may influence the competitiveness of the new organization (Weber, 1996). Employee problems do not only block the creation of synergy (Cho, 2002; Larsson & Finkelstein, 1999), but also directly cause the failures of M&As (Cho, 2002).

To be successful, organizations planning to merge or acquire other organizations need to learn how to make the business changes necessary to compete

while managing the important human dynamics involved. The human dynamics may be one of the keys to creating the synergy organizations are seeking and determining the success of M&As.

Rationale and Statement of the Problem

M&As, by their sheer size and number, carry strategic importance for organizations, their members, and the economy as a whole (Hartog, 2002). The impact of mergers on employees, however, has received little attention in the research literature (Armstrong-Stassen et al., 2001; Cartwright & Cooper, 1992; Newman & Krzystofiak, 1993), and this is especially the case for financial institution mergers in Canada. Moreover, assessing post-merger attitudes towards organizational commitment and turnover intentions in a merger scenario is limited.

This study appears to be the first to investigate post-merger attitudes toward organizational commitment and turnover intention constructs in the restructured environment of Canadian financial institutions.

As the M&A phenomenon becomes an increasing way of Canadian management, it is possible that employees would be adversely affected. For instance, the increasing levels of M&As in Canadian firms could have a negative impact on their employees' organizational commitment. This adverse effect is a critical factor if the new organization seeks to remain competitive. The purpose of this study is to assess factors that may link employee post-merger attitudes (i.e., employee post-merger satisfaction), with organizational commitment and turnover intentions.

Review of Literature

The following reviews the literature regarding financial institutions, M&As, and the impact M&As have on employees. The conceptual framework and empirical findings in the area of employee attitudes or satisfaction with a merger, organizational commitment, and turnover intention are described. The final section outlines the hypotheses.

Financial institutions. Given that the study is conducted with employees from a financial institution and these institutions play an important role in society, a review of these organizations is therefore warranted.

Financial institutions, also known as financial intermediaries, include mutual savings banks, commercial banks, savings and loan associations, leasing companies, credit unions, securities dealers, etc. (Yeager & Seitz, 1985). The purpose of these firms is to acquire surplus funds from economic units, such as business firms, government agencies, and individuals, for the purpose of making these funds available to other economic units. In a complex industrialized society (Yeager & Seitz, 1985) such as Canada, financial communication and the transfer of funds are necessary for the economy to function efficiently.

In the past there was a distinct separation between these institutions, where each one operated within clearly defined parameters (Gart, 1989). These segmented industries simplified things for the consumer. For example, insurance companies sold traditional life, health, property, and liability insurance; banks concentrated on short-

term loans, accepting demands, and deposits. For years the respective participants appeared to be satisfied with the specialization of function that existed in the financial markets (Gart, 1989).

During the past decade, the banking industry has undergone rapid transformations (Pilloff & Santomero, 1998), especially M&A activity (Wolgast, 2001). The fundamental forces behind these unprecedented movements are a result of changes in economic and regulatory environments (Berger et al., 1999). Berger et al. (1999) identified five changes in these environments that are partly responsible for M&A activities in the financial sector. They are: (a) technological progress (e.g., the introduction of ATM machines and on-line banking); (b) improvement in financial conditions (e.g., low interest rates); (c) accumulation of excess capacity (e.g., efficiency problems) or financial distress (e.g., under-performing investments); (d) competition, both domestically and internationally, due to globalization of markets; and (e) deregulation in the markets or products (e.g., financial reforms). Expanding on the last point, in 1991 the Canadian Parliament extended the powers of banks, trust companies, and insurance companies to allow cross-ownership (Amoako-Adu & Smith, 1995). Consequently, Canadian companies are in a position to be prime players in the world of M&A markets as the pressures to expand and globalize become more intense (Anonymous, 1997).

With mounting competition in the financial sector, we can expect to see more M&As as companies attempt to expand their customer base in an effort to cross-sell additional products or services. Furthermore, there is empirical evidence that suggests

merged banks reduce their expenses (Chehab, 2002) and improve their ability to attract customers (Chehab, 2002; Cornett & Tehranian, 1992). The synopsis of the literature is that M&As lead to increased efficiency and increased profitability for financial institutions (Chehab 2002).

Mergers and acquisitions. M&As fall into four main types: (a) vertical, (b) conglomerate, (c) concentric, and (d) horizontal. The vertical type is the combination of two or more organizations from successive processes within the same industry, for example, a manufacturer merging with or acquiring a series of retail outlets. The conglomerate type refers to the combination of two or more completely unrelated fields of business activity. An example of this was the merger between Philips Morris, a tobacco company, and General Foods in 1985. The concentric M&As are organizations in unfamiliar but related business fields into which the acquirer wishes to expand. An example is a producer of sporting goods that merges with or acquires a leisurewear manufacturer. Finally, a horizontal M&A is the combination of two or more similar organizations in the same industry or competitors that combine. The merger between two defense firms, Northrop and Grumman (Gaughan, 1996) is an example.

The recent resurgence in M&A activity is of the horizontal type. Organizations engaging in this type of a merger have the advantage of transferring product knowledge and expertise, and offer greater potential for achieving synergy (Cartwright & Cooper, 1992). The growing trend toward related combinations has important

implications for M&A management because the successful outcome of such transactions has increasingly become dependent on the wide-scale integration of people (Cartwright & Cooper, 1992). This study focuses on this type of merger.

Transactional difference between mergers and acquisitions. Mergers and acquisitions are legally different transactions. A merger occurs when two or more organizations combine their assets to form a new entity (Hogan & Overmyer-Day, 1994). The integrating organizations lose their identity to form a new one. An acquisition results when one entity buys out or absorbs another organization (Greenwood, Hinings, & Brown 1994; Hogan & Overmyer-Day, 1994). With an acquisition, the acquiring organization has the option to continue to operate separately or bring the target or acquired company into its fold. Using the definition stated above, this study looks at a merger. The literature, however, uses them interchangeably (Cartwright & Cooper, 1994) because they are essentially two forms of the same corporate strategy and the final outcomes involve employees.

Mergers and acquisitions link to human issues. Research shows that M&As have a negative human impact, largely in the form of attitudinal declines, such as lowered commitment. Davy et al. (1988) stated that M&As represent change, and expectations associated with M&As are vague and often based on rumors. If expectations and attitudes are negative, the employees may engage in unproductive behavior that may lead to significantly lower levels of job satisfaction and job

security, and less favorable attitudes toward management (Covin, Sighler, Kolenko, & Tudor, 1996).

One key employee concern after a merger is a loss of identity (Cartwright & Cooper, 1992; Covin et al., 1996). Employees attach themselves to their jobs, coworkers, work routines, the application of personal skills, performance, and career goals (Covin et al., 1996). After a merger or an acquisition, however, new roles and responsibilities, new supervisors, and new peer relationships develop. Many employees experience a powerful sense of loss when these strong attachments are changed or destroyed, even for those who do not change jobs. As a result, role expectations may change (Covin et al., 1996). One might understand the extent to which employees feel about their experiences after a merger, by assessing their attitudes toward or satisfaction with the merger.

Satisfaction with merger. Employee attitudes toward a merger cannot be explained without understanding attitudes in general. Much power has been ascribed to attitudes because it accomplishes a great deal for an individual. It guides perception, information processing, and behavior (Pratkanis, 1989). Eagly and Chaiken (1993) defined attitude as “a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor” (p. 1). Furthermore, Armenakis and Bedeian (1999) argued that employee attitudes could also indicate or serve as “markers” for tracking the likelihood of employees enacting behaviors necessary for achieving desired changes. Extending this logic to the present study, it is

likely that employees with positive attitudes would tend to be more supportive of their newly merged organization, while those with less positive attitudes would be more likely to be dissatisfied with the merger.

Research on attitudes has been popular throughout the social sciences, especially in social psychology. It has been the focus of extensive theoretical and empirical development since the 1920s. Social scientists such as, Katz and Stotland (1959) and Rosenberg and Hovland (1960, cited in Eagly & Chaiken, 1993) have assumed that the attitude construct has three types of antecedents: cognitive, emotional, and behavioral; and that attitudes are formed either through the cognitive, emotional, or behavioral processes. These assumptions have been proposed in contemporary research and discussions on attitudes (e.g., Breckler, 1984; Greenwald, 1968; Insko & Schopler, 1967, cited in Eagly & Chaiken, 1993). This study assesses the emotional dimension of attitudes after the merger has occurred, also known as employee satisfaction with a merger.

Buono, Bowditch, and Lewis (1985; 1988), from an organizational culture perspective, studied employee perceptions about various facets of organizational life such as organizational commitment, job satisfaction, interpersonal relationships, and job security, and the effect it had on the processes and outcomes of a merger between two equal-sized banks from the period of 1979 to 1985. They sought to compare the attitudes of employees of the two banks using a longitudinal case-study approach. Their aim was to formulate an empirically based model of the merger process that underscores the types of problems and difficulties that can emerge during a large-scale

change. They assessed expectations of employees at the pre-merger phase, evaluated how the change was handled during the merger phase, and determined the levels of employee satisfactions at the post-merger phase. Their findings showed that employees' expectations were not met and employees who felt their culture was suppressed reported a significantly lower satisfaction with the merger. The Buono et al. (1985) study explained the human factors involved in a merger from an organizational culture perspective, or a macro level. This current study adds to the literature by explaining the impact of mergers on employees from an individual perspective.

Also, Buono et al. (1988) focused on mergers that occurred from 1979 to 1985. This period marked the commencement of horizontal mergers (Cartwright & Cooper, 1992). Organizations were amalgamating in the same area of business activity, in contrast to the conglomerate era, where organizations in completely unrelated fields of businesses were coming together (Cartwright & Cooper, 1992). This current study, therefore, builds on the work of Buono et al. (1988) by extending research related to the impact of horizontal mergers on employees.

Covin et al. (1996) examined employee satisfaction with an acquisition or post-acquisition attitudes of target and acquiring company employees and the potential impact of these attitudes on several facets of individual and organizational effectiveness, such as job satisfaction, satisfaction with pay, communication, teamwork, etc. Their findings revealed that target-firm employees reported significantly higher levels of dissatisfaction with the merger than the acquiring

employees. This study complements Covin et al. (1996) as it adds empirical information on employee satisfaction with a merger as opposed to an acquisition.

Organizational commitment. Organizational commitment is important to a firm that is rebuilding itself after a M&A because committed and loyal employees provide many benefits for their organizations (Niehoff, Moorman, Blakely, & Fuller, 2001). Employees put forth extra effort in their work, serve as positive public-relations representatives outside the organization, and go above and beyond the norm in doing the little things that help the organization function effectively (Niehoff et al., 2001; O'Reilly & Chatman, 1986; Organ, 1988). The organization, therefore, would have a competitive advantage with employees who want to maintain involvement with the organization and are willing to work extra hard on behalf of the organization (Mowday, Porter, & Steers, 1982). A better understanding of this construct is perhaps more important in today's era of M&As.

The concept of organizational commitment seems to hold the interest of so many researchers due to the powerful implications it has on the organization and its members (Becker, 1992), and the perceived relationship to many organizational outcomes. From an organizational perspective, for example, lower turnover and absenteeism, and higher productivity are manifestations of strong employee commitment.

In commitment research, there are two common perspectives: the behavioral perspective and the attitudinal perspective. Behavioral commitment is a process by

which individuals become locked into a certain organization, and how the individuals or employees deal with the problem. Attitudinal commitment refers to the process by which individuals come to think about their relationship with the organization (Meyer & Allen, 1997). This suggests that organizational commitment can be thought of as a mind set in which individuals consider the extent to which their own values and goals are congruent with those of the organization (Meyer & Allen, 1997).

A major contributor to the behavioral view was Salancik (1977), who draws extensively from the dissonance literature. He proposed that organizational commitment results from the process in which the employees become committed to the implications of their own actions. The focus of the behavioral commitment approach was that individuals were committed to a particular course of action rather than to an entity, in this case their organization. The goal, therefore, has been to identify the conditions under which an act, once taken, would be likely to continue (Meyer & Allen, 1997). Several conditions or “binding variables” have been posited including the irrevocability of the initial act, its publicness, and the volition associated with it (Meyer & Allen, 1997). For example, the more the individual perceived that the behavior could not be reverted without high costs, the higher the degree of commitment. If the employee perceived that an individual of significant status (e.g., a supervisor) was aware of the employee’s action, commitment increased. Finally, commitment also increased with the volition, or free will or choice, of the employee’s actions. These assertions have been supported in laboratory settings; however, few

attempts have been made to study the process in organizational settings (Meyer & Allen, 1997).

The attitudinal commitment approach focuses on the process by which employees come to regard their relationship with the organization. The attitudinal approach is the most studied type of organizational commitment. Some of the earliest work was done by Porter, Steers, Mowday, and Boulian (1974). They examined commitment as though it were uni-dimensional, hence, developing measures that would produce one composite score representing commitment. According to their study, commitment was defined as “the strength of an individual’s identification with, and involvement in, a particular organization” (p. 604). Furthermore, committed employees were described as: (a) having the desire to remain in the organization, (b) willing to exert effort on the organization’s behalf, and (c) believing in and accepting the values of the organization. This implied that an individual who demonstrated these characteristics was considered committed to the organization. This led to the development of a 15-item scale, known as the Organizational Commitment Questionnaire (OCQ). Since the creation of the OCQ, it has become one of the most widely used measurements of commitment (Becker, 1992).

One of the problems with this approach is that different researchers defined this composite view of commitment in very different ways. This indicated that commitment was more complex than originally thought. For example, Angle and Perry (1981) employed factor analysis on the OCQ and found two distinct factors, which the authors labeled value commitment and commitment to stay. Evidently,

commitment as assessed by OCQ is not uni-dimensional but has at least two dimensions. The two different conceptualizations were eventually termed affective commitment (i.e., Porter's view) and continuance commitment (i.e., Becker's view) by Meyer and Allen (1997) and Meyer, Paunonen, Gellatly, Goffin, and Jackson (1989).

Meyer and Allen (1984) were among the first researchers to describe these two views of commitments. Furthermore, Meyer and Allen (1991) defined another dimension: normative commitment (i.e., Wiener's view).

Accordingly, the diversity in the conceptualization and measurement of organizational commitment has made it difficult to interpret the results of an accumulating body of research (Meyer & Allen, 1991). Meyer and Allen (1991) noted that common to the various definitions of organizational commitment is the view that organizational commitment is a "psychological state that first characterizes the employees' relationship with his/her organization, and secondly, has implications for the decision to continue membership in the organization" (p. 67). Meyer and Allen (1991) therefore go beyond the existing distinction between attitudinal and behavioral commitment and argue that commitment, as a psychological state, is not restricted to value and congruence of organizational goals (i.e., feelings or beliefs or both concerning the employee's relationship to the organization). Commitment can also be a reflection of a desire, a need, or an obligation to maintain membership with the organization. This assertion, then, falls out of the traditional social psychological definition of an attitude (Meyer & Allen, 1991; 1997). A three-component conceptualization was then articulated leading to the development of the Three-

Component Model. The model postulates that an employee simultaneously experiences commitments to the organization based on emotional attachment (affective, i.e. Porter et al., 1974), a feeling of obligation (normative, Meyer et al., 1989), and perceptions that the social and economic costs of leaving the organization are prohibitively high (continuance, Becker's [1960] Side-Bet Theory).

Meyer and Allen (1997) argued that it is more appropriate to consider the views as components of commitment rather than types because an employee's relationship with an organization might reflect varying degrees of all three. Although there are many varied definitions of organizational commitment, they appear to reflect at least three general themes - affective, normative, and continuance.

Affective commitment refers to employees' feelings of belonging and attachment to the organization (Hartmann & Bambacas, 2000; Meyer & Allen, 1991; 1997). Affective commitment stems from the work of Kanter (1968) who defined commitment as the "willingness of social actors to give energy and loyalty to the organization" (p. 499). Several writers including Buchanan (1974) and Porter et al. (1974) directed attention to a sense of belonging and the experience of loyalty.

Recently, researchers such as O'Reilly and Chatman (1986) referred to commitment as employees' feelings of pride toward and desire for affiliation with an organization (Meyer & Allen, 1997), and Allen and Meyer (1990) defined affective commitment as an "emotional attachment to, identification with, and involvement in the organization" (p. 11).

Continuance commitment, unlike affective commitment, relates to perceived costs of leaving the organization, both financial and non-financial (e.g., accrued pensions) and perceived lack of alternatives (e.g., high unemployment rates) (Becker, 1960; Hartmann & Bambacas, 2000; Meyer & Allen, 1991; Meyer & Allen, 1997). Continuance commitment is based on the costs and benefits of continued membership, and has its roots in Becker's (1960) Side-Bet Theory of Commitment. This theory posits that employees make certain investments or side-bets (e.g., tenure toward pension, promotions, and work relationships) that become sunk costs that diminish the attractiveness of external employment opportunities.

In the commitment literature, continuance commitment has been shown to be related to employees' perceptions about skill transferability (Allen & Meyer, 1990), such that employees who assumed their training skills were less transferable to other similar organizations expressed stronger continuance commitment (Meyer & Allen, 1997). Whitener and Walz (1993) also found that investments such as job security, status, and retirement funds were positively correlated with continuance commitment. Age, tenure, education, position, career satisfaction, and pay have been the common approach for testing side-bets. Findings obtained from these studies, however, have been mixed (Meyer & Allen, 1997) because, for some employees, the perceived cost of leaving the organization increases as they grow older and their organizational tenure increases. For others, the costs might decrease, because their experience and skills increase, which may be of value to other employers (Meyer & Allen, 1997).

The conceptualization of continuance commitment describes an individual-organizational interaction, and alteration of investments over time (Mathieu & Zajac, 1990). During a merger or acquisition, individuals would tend to favor the consolidation because they cannot “afford” to separate themselves from the organization. This might be due to both lack of alternatives (e.g., I feel that I have too few alternatives to consider leaving the organization), and personal sacrifice subdimension (e.g., too much of my life will be disrupted if I do not support the change). The development of continuance commitment has received less research attention because adequate measures for this construct are fairly recent to the commitment literature (Meyer & Allen, 1997).

The third and least researched component of commitment is normative (Meyer & Allen, 1997). Normative commitment is concerned with the moral obligation employees feel about remaining with their organization (Hartmann & Bambacas, 2000; Meyer & Allen, 1991; Meyer & Allen, 1997; Wiener, 1982). This is based on the earlier work of Weiner (1982). He proposed that individuals internalize norms and behave as they do because they feel it is moral. Weiner (1982) stated that normative commitment is formed on the basis of a collection of pressures that individuals feel from family and culture during their early socialization and during their socialization as newcomers to the organization. The presumed process here is one of internalization because socialization processes are extremely rich and varied; they carry messages of what is right and moral, and of particular attitudes and behaviors, such as rewards and punishments or modeling and imitation of others (Meyer & Allen, 1997). It has also

been suggested that normative commitment develops on the basis of certain kinds of investments that seem difficult for an employee to reciprocate. This may include nepotism-hiring policies that favor the employees' family members (Meyer & Allen, 1997). This can create a sense of indebtedness and employees may be obliged to stay with the organization. Finally, it has been hypothesized that normative commitment develops on the basis of a "psychological contract" between the employee and the organization (Meyer & Allen, 1997). Psychological contract is the mutual obligation between the employee and employer; this relation can be explicit (e.g., pay) or implicit (e.g., favors) in nature (Anderson & Schalk, 1998). The relationship is characterized by the employer managing the career development and employee well-being. In return for this sense of security and well-being, the employee continues to work hard and remain loyal to the employer (Anderson & Schalk, 1998).

Empirical studies conducted on organizational commitment represent a collection of findings with respect to consequences such as feelings of belonging and attachment, goal and direction, and longer tenure at an individual level of analysis (Mowday et al., 1982). At the organizational level of analysis, employee commitment results in increased effort on the job, higher performance, and reduced absenteeism and turnover (Mowday et al., 1982). Although there is a clear correlation between organizational commitment and turnover, studies have illustrated that the relationship is affected by several cognition and behavioral intentions, such as thoughts of quitting and intent to search for alternative employment (Tett & Meyer, 1993). There is even a higher correlation between turnover intentions and organizational commitment than

turnover itself (Shore & Martin, 1989). Various aspects of the work environment may instigate withdrawal cognitions (i.e., thoughts of leaving, intent to search, intent to quit) and decision processes that may be linked to the employee's likelihood of turnover (Tett & Meyer, 1993).

The conceptualization that each component of organization commitment influences the employee's turnover intentions is a theoretical premise that unites the three-component of organizational commitment. Empirically, researchers, such as Whitener and Walz (1993) used structural equation modeling to explore the independent relationship between affective and continuance on intention to quit. The finding indicated that affective had a significant negative impact on intention to quit; however, continuance commitment had no influence. Meyer, Allen and Smith (1993) performed regression analysis using the Allen and Meyer (1990) scales and revealed that affective commitment had a strong negative effect on intent to leave the organization ($p < .01$) while normative commitment had a weaker but significant effect ($p < .05$). Continuance commitment had no significant effect on intent to leave. Somers' (1995) study collaborated Meyer et al. (1990) findings. The point here is that many reviews report consistent negative correlations between affective and normative commitment, however, not for continuance commitment. Most of the correlations are stronger for affective commitment and turnover intention.

Turnover. Reducing turnover in a newly created organization is essential for productivity and to maintain a stable corporate image and reputation. Employee turnover has been a popular topic among behavioral and management researchers for decades (Shaw, Delery, Jenkins Jr., & Gupta, 1998). The interest in this topic is rooted in the consequences to the organization, such as high costs. Excessive turnover can have significant direct and indirect costs for corporations when they are required to recruit, train, and socialize new staff (Lee & Mitchell, 1994; Mitchell, Holtom, Lee, Sablynski, & Erez, 2001). It is, therefore, an important construct to assess, especially during a M&A because the turnover rate increases during this time (Cartwright & Cooper, 1993a). Research on employee turnover is largely concerned with employees who leave an organization voluntarily. Mobley (1982) defines voluntary turnover as “a cessation of membership in an organization by an individual who receives monetary compensation for participating in the organization” (p. 10).

Starting with March and Simon’s (1958) pioneering work, research interest in the causes of individual level turnover attempted to develop models that link several organizational, environmental, individual, and process variables to turnover. Now there exists an abundance of such models. Researchers (e.g., Lee & Mitchell, 1994; Porter & Steers, 1973) have examined the possible determinants of turnover from three perspectives: (a) external correlates, such as unemployment rates and union presence; (b) work-related attitudes, such as pay and overall job satisfaction; and (c) personal characteristics such as age, gender, education, and marital status. The

strength and direction of the relationship between the determinants and turnover varied depending on the individual variables and studies (Liou, 1998).

Shore and Martin (1989) noted that voluntary turnover is linked to turnover intentions. That is, turnover intentions have been stated as an appropriate dependent variable to actual turnover. Hom and Hulin (1981) reported a correlation of 0.71 between these two variables. Turnover intention is the employee's general tendency to leave the organization and refers to the individual's own estimated probability (subjective) that he or she will permanently leave the organization at some point in the near future (Jaros, 1997). The relationship between intention and the behavior underlying it has received strong research support over the years (Vandenberg & Nelson, 1999). Many models of employee turnover have evolved from other disciplines such as sociology and psychology, but there has been a convergence of opinion that intention to quit was the single most direct predictor of turnover.

This study assesses turnover intention for two reasons. First, one important commonality among affective, normative, and continuance commitments is the notion that each component has an influence on an employee's decision to leave their organization (Jaros, 1997) especially after a merger. Second, while it is generally known that the rate of voluntary turnover increases after M&A because employees leave for relatively stable organizations (Cartwright & Cooper, 1993a) much has not been published on the employees' turnover intentions in a post-merger environment.

The above review outlines the three constructs of interest to this study. The research questions and hypotheses relevant to the purpose of the study are provided below.

Conceptualization and Hypothesis Development

The following research questions drive the study: Does post-merger satisfaction have an impact on employee organization commitment (affective, normative, and continuance) and intention to leave the organization among financial institution employees? If so, what are the strengths of the associations between satisfaction with a merger, the components of organizational commitment and turnover intentions among financial institution employees?

Research on merger satisfaction and its effect on employee organizational commitment has been limited. This is especially the case in Canadian financial institutions.

Fulmer and Gilkey (1988) explored the human implications of merger management by interviewing more than 200 executives who had been involved in a significant merger activity. Their study involved 20 companies during a period of two years after the merger had taken place. Some executives were asked to discuss their feelings about management development, corporate leadership, the impact of the mergers, and their own futures. Others were interviewed about specific roles they played during the merger or acquisition. The findings indicated that employees often coped with the merger by reducing their levels of commitment, and they used their

energy to cope with anxiety and confusion or tried to seek employment opportunities elsewhere. A similar finding was reported by Schweiger and DeNisi (1991). They conducted a longitudinal field experiment to empirically determine if M&A activity led to uncertainty and its associated dysfunctional outcomes. Results provided strong empirical evidence that uncertainty increased, and because of this uncertainty global stress increased. Furthermore, job satisfaction, commitment, and intentions to remain with the company all decreased. Other researchers (e.g., Bouno & Bowditch, 1989; Newman & Krzystofiak, 1993) found that mergers result in reduced commitment.

However, these studies do not state which components of commitment, that is affective, normative, or continuance, were affected by the mergers. But the growing consensus among commitment theorists and researchers is that commitment is a multidimensional construct and an employee's relationship with the organization might reflect varying degrees of the three forms (Meyer & Allen, 1997). Moreover, Meyer and Allen (1991) cautioned that all forms of commitment are not alike and those organizations attempting to retain their employees by strengthening levels of organizational commitment should be aware of the nature of the different forms of commitment. For example, Dunham, Grube, and Castaneda (1994) and Hackett, Bycio, and Hausdorf (1994) suggested that a multidimensional approach to organizational commitment provided a more accurate understanding of an individual's involvement with his or her organization. To reinforce the former statement, a multidimensional assessment of organizational commitment may provide the basis for a more complete understanding of the development and maintenance of organizational

commitment (Ketchand & Strawser, 1998) in light of a merger. This study will, therefore, assess each component of organizational commitment.

Satisfaction with a merger and affective commitment. Considerable research attention has been given to the development of affective commitment. The primary process in the development of affective commitment is the fulfillment of personal needs. The notion here is that employees will develop affective commitment to their organizations to the extent that their needs are being satisfied, their expectations are being met, and their goals are being achieved (Meyer & Allen, 1997). In other words, employees become emotionally attached, identify with, and become involved in the organization when the three mentioned conditions are perceived by the employee to be met by the organization. In a merger context, affective commitment will develop when employees' experiences are fulfilling or rewarding. For example, if employees' expectations about their organization after the merger are confirmed, their emotional attachment, identification with, or involvement in their new organization will increase (Chang, 1999). In merger literature, for example, Cartwright and Cooper (1992) interviewed and surveyed 600 English managers and employees of several merged companies. They reported that the managers' and employees' loyalty decreased. Loyalty here is the attachment the employees felt toward their employer, which refers to affective commitment. They also found that the employees expressed that their organization did not honor their hopes. Therefore, the employees no longer maintained their identification with their organization. Thus, employees who are satisfied with

the merger will perceive the post-merger experience as a positive one and will desire to continue membership with the organization because they *want* to (Meyer & Allen, 1991) and will therefore, report a higher level of affective commitment than employees who are dissatisfied with the merger. Therefore, hypothesizing that:

H1 Satisfaction with the merger will be positively related to affective commitment.

Satisfaction with a merger and normative commitment. Research on normative commitment has been theoretical rather than empirical (Meyer & Allen, 1997). Normative commitment develops on the following three bases: (a) through a socialization experience (i.e., employees learn and internalize what is of value to their organizations and the appropriateness of being loyal to their organization); (b) when organizations invest in employees in a manner that makes it difficult for the employees to reciprocate (e.g., employing a family member or providing tuition payments); and (c) with the development of a psychological contract between employee and employer (Meyer & Allen, 1997). Psychological contract is the belief that the employee and employer are involved in an exchange relationship and the basic premise of such contracts is that the employees are treated as they expect to be treated.

An employee's feeling of obligation to remain with the organization after the merger would result when management, for example, emphasizes the appropriateness of continued service (i.e., organizational socialization), or when they receive benefits (e.g., investments in education or training) (Meyer, Allen, & Topolnysky, 1998), or when the organization provides a work environment that allows the employee to develop their careers (Meyer & Smith, 2000). These factors create a sense of

obligation in employees to reciprocate (Meyer et al., 1998). Employees satisfied with the merger would perceive that the new organization, for instance, provides them with a work environment that affords them to develop their careers, therefore, would reciprocate by committing themselves to the firm. Drawing on the example above, satisfied employees would not perceive that their psychological contract as been violated by the merger and, therefore would report a higher level of normative commitment than employees who are dissatisfied. Hence, hypothesizing that:

H2 Satisfaction with the merger will be positively related to normative commitment.

Satisfaction with a merger and continuance commitment. Existing research suggests that strong continuance commitment develops on the basis of investments and lack of alternatives (Meyer & Allen, 1997). Conceptually the development of continuance commitment is as a result of any action or event that increases the perceived cost of leaving the organization (Meyer & Allen, 1997). Meyer and Allen (1991) stated that investments and alternatives are the two antecedent variables to these actions or events.

The first antecedent of continuance commitment, investments, refers to the perceived importance of side bets made by the employees. The second hypothesized antecedent is the employees' perceptions of employment alternatives (Meyer & Allen, 1997). For instance, one employee might perceive a large investment of time and energy into the organization as a reason to remain with the company, while another perceives tenure and promotions as an opportunity to attain an attractive position with another organization. For perceived alternatives, employees who think they have

several viable alternatives would have weaker continuance commitment than those who think their alternatives are few. Stated differently, the perceived availability of alternatives would be negatively correlated with continuance commitment.

Accordingly, with respect to the development of continuance commitment, neither investments nor alternatives would have an effect on continuance commitment unless or until the employees are aware of them or their implications (Meyer & Allen, 1997).

Unlike affective and normative commitments that reflect a global attitude, continuance commitment is more local to specific needs, situations or desires. Consequently, continuance commitment levels in employees would not increase or decrease due to their satisfaction with the merger. Thus, *the researcher will not propose a direct link between satisfaction with a merger and continuance commitment.*

Satisfaction with a merger and turnover intentions. Empirical evidence linking merger attitudes and turnover intention has been sparse. However, in recent years, researchers have studied employee response to major restructurings such as M&As (e.g., Buono & Bowditch, 1989; Cartwright & Cooper, 1992; Schweiger, Ivancevich, & Power, 1987). Their findings have stressed the negative effects these restructurings have had on employees' intentions to remain with their organization. Additionally, researchers such as Tett and Meyer (1993) have studied job satisfaction and its impact on turnover intentions. Their findings indicated that job satisfaction contributed uniquely to turnover intentions.

A study by Armstrong-Stassen et al. (2001), conducted in a health setting, examined the impact of a hospital amalgamation on turnover intentions of nurses. They reported an increase in turnover intentions after the amalgamation compared to the pre-amalgamation period. Turnover intentions increased because the nurses experienced budget cutbacks resulting in the closing of hospital beds and units, reduced work hours, and layoffs.

Another study (Sinetar, 1981) conducted interviews with over 100 employees of a prominent Fortune 500 company that had undergone a merger. The interview results revealed that workers experienced several dominant negative reactions including the exit of valued personnel. As already stated in the review of turnover, turnover intention is a strong predictor of turnover. It can, therefore, be implied that mergers would have an impact on turnover intentions.

Referring to the Armstrong-Stassen et al.'s (2001) study, the nurses reported high levels of turnover intent because they were not happy with their post-amalgamation experience. Applying this reasoning to this study, satisfied employees would not contemplate leaving the organization as a result and would wish to remain with the new organization. Consequently, employees who have gone through a merger are likely to think of leaving the organization if they perceive the post-merger experience negatively. Therefore;

H3 Satisfaction with the merger will be negatively related to turnover intent.

The gaps in the literature form the impetus for the next four hypotheses. Researchers have studied organizational commitment largely because of its apparent relationship with turnover (e.g., Jaros, 1995). Further, this researcher believes that adding the variable satisfaction with a merger would significantly add to understanding the relationship between the three components of organizational commitment and turnover intentions in the context of a merger. Given that this variable assesses how satisfied employees are after a merger, the researcher would be able to predict employees' post-merger-related attitudes in conjunction with organizational commitment and turnover intentions. These proposed relationships are important because they assert to explain the influence of employee merger satisfaction on an employee's psychological attachments to the organization and on the employee's intention to remain with or leave the organization.

Affective and normative commitment and turnover intentions. Traditionally, researchers such as Allen and Meyer (1990), and Meyer et al. (1993) found that affective commitment and normative commitment had inverse relationships with intention to leave the organization, while continuance commitment had no effect. Moreover, Somers (1995) used regression to examine the relationships between affective, normative, and continuance commitments and one facet of turnover intentions, intent to remain. He found that affective and normative commitments were significant predictors, but continuance commitment did not contribute to the prediction

of turnover. In contrast, Hackett et al. (1994) found that all three components of commitment had a significant and negative correlation with intention to quit.

Herscovitch and Meyer (2002) argue that employees who want to remain out of desire (affective commitment) are likely to attend work regularly, perform tasks to the best of their ability, and take more discretionary acts. Also, employees who remain out of obligation (normative commitment) may do the same, if they see it as a part of their tasks or as a means of reciprocating for benefits received, which in turn reduces their intentions to leave the organization. Thus, the following two hypotheses are proposed,

H4 Affective commitment will be inversely related to turnover intention.

H5 Normative commitment will be inversely related to turnover intention.

Continuance commitment and turnover intentions. As indicated in the previous section, prior research findings for continuance commitment report mixed results. In the Meyer et al. (1993) study, continuance commitment had no significant effect on intent to quit. Somers (1995) found that continuance commitment did not predict intention to leave. In addition, Whitener and Walz (1993) supported the findings of Meyer et al. (1993). On the contrary, Hackett et al. (1994) found that continuance commitment had a significant and negative correlation with intention to quit.

However, employees would remain with their organization mainly to avoid costs. Moreover, while research on continuance commitment is inconclusive about the

relationship between continuance commitment and turnover intentions, this researcher would take a positivist approach, and would hypothesize that continuance commitment will impact turnover negatively. Hence the following hypothesis is suggested.

H6 Continuance commitment will inversely correlate with turnover intentions.

Satisfaction with a merger, organizational commitment and turnover

intentions. There is no empirical evidence to support the prediction of Hypothesis 7, but this researcher believes that the construct, merger satisfaction, would significantly add to explaining the relationship between the three-component model of organization commitment and turnover intentions after a merger. The reason for this hypothesis is that merger satisfaction could add to our understanding of the turnover process after a merger. In general, empirical results suggest that organizational commitment has statistically significant, and negative relationships with withdrawal intentions, such as intent to quit (e.g., Jaros, 1997). Peters, Bhagat and O'Connor (1981) examined the independent and joint contributions of organizational commitment and job-facet satisfaction made on a person's intention to quit. They reported that organizational commitment had a significant and a relatively strong relationship to employees' intentions to quit. Measured satisfaction, particularly satisfaction with co-workers, supervision, and the job overall added to the understanding of the turnover process. This is because satisfaction independently contributed to the prediction of a person's intention to quit and occasionally interacted with organizational commitment to explain the criterion variance. This researcher would, therefore, draw on the above study as the rationale for hypothesizing and propose that both merger satisfaction

(global) and organizational commitment can be expected to interact to predict turnover intentions and explain such variance. This is because employees satisfied with the merger would desire to remain with their new organization, and in contrast, employees who are not satisfied with the merger would contemplate seeking other employment alternatives. The researcher predicts that satisfaction with a merger would help explain the relationship between the three components of organizational commitment and turnover intentions. Therefore,

H7 Satisfaction with a merger will add significant explanatory value to the relationship between the three components of organizational commitment and turnover intention.

These relationships are depicted in Figure 1. It is proposed that the merger between the two financial institutions in Canada would result in different levels of satisfaction for employees. Satisfaction will affect the commitment of employees to the merged bank and intent to quit for the employees employed by this bank.

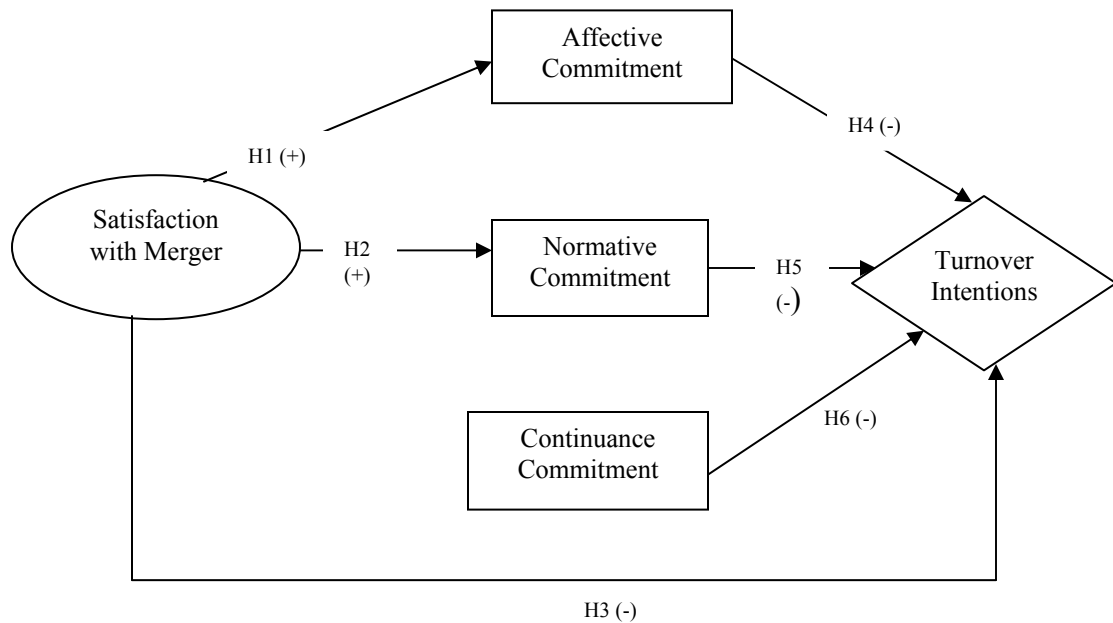


Figure 1. Theoretical Model: Impact of employee satisfaction with merger on the components of organizational commitment; affective, normative, and continuance, and turnover intent.

Summary of Chapter

The chapter introduced the problem and purpose of the study, then reviewed the literature on financial institutions, M&As, and the impact mergers have on members of an organization. The major theoretical developments and empirical studies of satisfaction with a merger, organizational commitment, and turnover intentions were also presented as well as the resulting research questions and hypotheses.

As is evident in the literature review, the construct, organizational commitment, has received much attention. It has become clear that commitment is a

multifaceted construct that has three dimensions; affective, normative, and continuance. In addition, satisfaction with a merger and organizational commitment can contribute to the lowering of turnover intentions. Therefore, it is proposed that the variables, satisfaction with a merger, organizational commitment, and turnover intentions are correlated. The intent of the study is to identify and describe each effect.

Chapter II Methods

This chapter presents the methodology used to conduct the investigation of the relationship between satisfaction with a merger, organizational commitment, and turnover intent. The setting and sample, the instruments used in this study, the data collection procedures, and the research design are described, and the ethical concerns for the participants are explained.

Setting and Sample

Two competitor financial institutions in Canada underwent a merging process whereby the two banks were integrated to become one. At the time of this study, the merged organization was about seven months old. The organization was chosen because the new organization treated the amalgamation as a merger of equals (MOE) or an M&A of comparable sizes rather than an absorption of a target firm into an acquiring organization (Ellis, 2002).

The population of interest in this study was all employees from these two financial institutions. Potential participants in the study included 83 employees from the merged bank including both supervisory and non-supervisory personnel of every department.

Ethics Approval

Permission to conduct this study was obtained from the Faculty of Management's Human Research Review Committee at the University of Lethbridge. Enclosed in each questionnaire packet was a cover letter (see Appendix A) explaining the study and benefits as per human subject protocol. Participants were assured anonymity and confidentiality. They were also guaranteed that their responses would be reported in aggregate form.

Description of Instruments

The instrumentation of this study, which was a paper-and-pencil questionnaire, consisted of four measures. The questionnaire included the Satisfaction with a Merger scale (adapted from Buono et al., 1988), The Three-Component Model of Commitment scale, the revised version (Meyer et al., 1993), Turnover Intention scale (Jaros, 1997), and the General Job Satisfaction scale (JDS, Hackman & Oldham, 1975), which was used for theoretical reasons and background information. Each instrument provided distinctive information about the employees' relationships with and to the organization. The next sections review each instrument and reports its psychometric properties. The survey is included in Appendix C.

Satisfaction with merger scale. The Satisfaction with Merger Questionnaire was developed by Buono et al. (1988). The scale consists of 10 items that assessed the

employees' global perceptions regarding merger-related issues, including satisfaction. Covin et al. (1996) adopted four items from the merger scale mentioned above. This study utilizes the four items used in the Covin et al. (1996) study to assess satisfaction with the merger and its impact on organizational commitment and turnover intentions. This scale is used because it measures the construct "satisfaction with a merger." The Buono et al. (1998) scale measured other dimensions, such as organizational culture.

The four-item scale that Covin et al. (1996) used demonstrated an acceptable alpha value of 0.77 in their study and responses were represented on a seven-point Likert scale, where 1 corresponded to strongly disagree and 7 to strongly agree.

Organizational commitment scale. Affective, normative, and continuance commitment were measured using the Three-Component Model of Commitment scale developed by Meyer and Allen (1991). The Meyer et al. (1993) revised version was used. The scale consists of 18 items, and responses to the items were made on a seven-point scale with anchors labeled 1 for strongly disagree and 7 for strongly agree. This scale has been used in the field and has reliabilities, assessed using Cronbach alphas, across many studies of 0.85 for affective commitment, 0.73 for normative commitment, and 0.79 for continuance commitment (Allen & Meyer, 1996). Overall, there is some evidence regarding construct validity of the three measures (Allen & Meyer, 1996; Meyer & Allen, 1997).

Turnover intention scale. Turnover intentions were assessed using three items from Jaros (1997). In previous studies, Cronbach alpha coefficients have exceeded 0.80. The three items in the survey measured the employee's tendency to continue as an organization member (Jaros, 1997). Each item was represented with a seven-point Likert response scale, which was labeled 1 for strongly disagree and 7 for strongly agree.

General job satisfaction scale. Hackman and Oldham's (1975) General Job Satisfaction is part of the Job Diagnostic Survey (JDS). It assessed the employees' overall satisfaction before the merger. This scale is an overall measure of the degree to which the employees are satisfied and happy with their jobs. The measure comprised five items; with seven-point responses from strongly disagree to strongly agree. The reliability coefficients in previous studies exceeded 0.76.

Demographic data. Demographic questions were used to collect data that described the sample. The participants were asked to respond to self-descriptors: age, gender, level of education, number of obtained certifications related to job, previous employer before merger, tenure, organizational position (i.e., supervisory or non-supervisory), and whether they were promoted due to the merger. Some of the variables were chosen based on previous research that ties them to M&A, attitudes, commitment, and turnover-intent research.

Procedure for Data Collection

Initial contact regarding the study was made with the Vice President of Human Resources of the financial institution. In this meeting, the purpose and the benefits of the study were discussed. A proposal was submitted. The proposal stated the purpose and benefits of the study, and contained samples of the scales used to measure satisfaction with the merger, organizational commitment, and turnover intentions. The same individual facilitated access.

All employees of the bank were given the questionnaire to complete (see Appendix C). Eighty-three (83) questionnaire packets were distributed. A cover letter (see Appendix A) identified the researcher as a Master of Science candidate. The letter also explained the human subject protocol as prescribed by the University of Lethbridge. Directions regarding the completion of the surveys and method of submission to the researcher when completed were also stated. Further, the researcher awarded two prizes valued at \$50.00 each as an incentive to increase participation. The prize was obtained through a random draw. In addition, a script (see Appendix B) was prepared for the distributors or managers, to read to the participants before the distribution of the questionnaires. The bank allocated fifteen to thirty minutes toward the end of its weekly staff meetings to complete the questionnaire, then the completed surveys were placed in return envelopes, sealed, and placed in a designated box. The researcher then collected the boxes, which were placed in a secure area shortly after the meeting. The respondents were asked to return questionnaires without

identification of the respondent's name in order to keep responses confidential. The return of the surveys implied consent.

Data Analysis and Research Design

This study utilized a quantitative method with a cross-sectional survey design. As a result, inferences can be made (Babbie, 1990) about employees' satisfaction with a merger and the impact it has on their commitment to their employing organization as well as their turnover intentions.

The significance level for all hypotheses was set at 0.05. Descriptive statistics were used to describe the sample. Frequencies, means, and standard deviations were calculated for each demographic variable and model constructs. Causal modeling by using Partial Least Squares technique (PLS) was used to evaluate the effects of merger satisfaction on organizational commitment and intent to turnover.

Partial Least Squares

A growing number of researchers are adopting causal or structural equation modeling technologies (Barclay, Higgins, & Thompson, 1995), and PLS is one of the approaches. PLS is a second-generation multivariate analysis technique, and its distinguishing characteristic is the flexible interplay between data and theory (Brikshaw, 1992). PLS was used for three reasons. First, it is robust and can accommodate small data samples. The rule of thumb is 10 data cases per most complex regression. In general the most complex regression will involve indicators on

the most complex formative construct or the largest number of antecedent constructs leading to an endogenous construct (Barclay et al., 1995). The latter applies to this study, where four antecedent constructs lead to turnover intention. The sample size of 70 is, therefore, adequate for analysis. Second, the researcher has a predictive model and the theoretical stage is exploratory. Finally, PLS can simultaneously assess the structural and measurement models.

Summary of Chapter

This chapter presented the methodology employed, including the research design, data-collection method, and analysis method. The variables satisfaction with a merger, organizational commitment, and turnover intentions were assessed in a group of financial-sector employees who were involved in a merger. The study was implemented by distributing a survey instrument that contained a cover letter to the participants. The data collected were analyzed by using descriptive statistics and PLS. The information garnered from this study will be shared with the financial institution in aggregate form.

The next chapter presents the results of the analyzed data. Demographic characteristics of the sample are presented. Then, an analysis of the instruments used in the study is provided. The chapter concludes with an examination of each of the research hypotheses and the research questions.

Chapter III

Results

In this chapter the results of the study are presented. Demographic data describing the sample are provided. The remaining analyses are separated into two parts. First, the results of the analyses related to the measurement model are presented and second, the results of analyses related to the hypotheses and research questions are offered.

The data were normally distributed. All data analyses were performed using the Statistical Package for the Social Sciences (SPSS/PC) and Partial Least Squares (PLS/PC).

Description of Sample

A total of 73 employees volunteered to participate in the study, indicating a response rate of 87.9%. This rate exceeds the average response rates in academic studies (Baruch, 1999). Out of the 73 responses, a total of three responses were removed from further consideration owing to an unacceptably large number of missing responses on items capturing the constructs of interest. Measures of central tendency were used to describe the sample. Out of the 70 respondents, 58 were female and 12 were male. The mean age for the participants was 38.67 (S.D. = 10.08) years. The majority of the participants had some college or university education; the next largest group had a high-school diploma. The length of employment within the merged

organization ranged from less than six months to twenty-four years. Approximately six percent of the respondents were not employed by the bank at the time of the merger. A demographic profile of the participants is presented below in Table 1.

Table 1

Demographic Characteristics of Participants

Characteristics	Frequency (n=70)
Age	
18-24	8
25-34	15
35-44	22
45-54	24
55+	1
Gender	
Female	58
Male	12
Educational Level	
High School or less	2
High School diploma or equivalent	21
Some College or University	26
College Diploma	14
Undergraduate Degree	7
Number of Work-Related Certifications	
3 or fewer	59
4-5	9
6 or more	2
Job Level	
Supervisory	12
Non-supervisory	58
Years of Employment Before Merger	
0-5	49
6-10	10
11-15	6
16-20	3
20+	2

Demographic factors were not included in the analyses. They were deemed by this researcher not to be the central interest of the study or a major contributing factor to the variables studied. Although the constructs of organizational commitment and turnover intentions have been correlated with age, tenure, and educational level, these correlates have been low in most studies (Angle & Perry, 1981; Lum, Kerin, Clark, & Reid, 1998). These factors were, therefore, excluded from any further analysis.

Analyses of Survey Instruments

Although PLS estimates parameters for both the associations between the measures and constructs (i.e., loadings), and the relations between different constructs (i.e., path coefficients) are generated at the same time, a PLS model is usually analyzed and interpreted in two stages (Hulland, 1999). First, an assessment of the reliability and validity of the measurement model is described, followed by the assessment of the structural model.

Assessment of measurement model. The measurement model was assessed by examining the individual item reliability, construct internal consistency, and discriminant validity. Individual item reliability was assessed by examining the loadings of the measures with their respective construct. The rule of thumb is to accept items with loadings of 0.707 or more, which means there is more shared variance between the construct and its measures than error variance (Barclay et al.,

1995). However, a threshold of 0.5 and higher was used as recommended by Hulland (1995) for two reasons: (a) it is not unusual when items of standard instruments, such as the one used in this study, do not show strong psychometric properties when used in a theoretical and research context distinct from those in which they were first developed; and (b) this researcher also wanted to retain as many items (latent variables) as possible to allow comparisons with previous studies (Barclay et al., 1995). The preliminary analysis of the initial model revealed five problematic items in terms of item to construct loadings or individual item reliability due to low and negative loadings. Table 2 presents the items and the loadings and cross loadings of initial factor structure.

Table 2***Loadings and Cross-Loadings of Measures for Factor Structure and Discriminant Validity (Initial Model)***

Manifest Variables	SM	AC	NC	CC	TI
Satisfaction with a Merger (SM)					
All things considered, the merger between Bank A and Bank B should not have taken place	0.58	0.36	0.03	-0.31	-0.21
A majority of the employees have come to accept the merger between Bank A and Bank B as a good idea	0.77	0.44	0.27	-0.18	-0.32
There is a lot of friction between Bank A's and Bank B's employees (R)	0.41^{P*}	0.20	-0.05	-0.30	-0.15
My organization has been strengthened by the merger between Bank A and Bank B	0.79	0.53	0.29	-0.03	-0.34
Affective Commitment (AC)					
I would be very happy to spend the rest of my career with my present organization (Bank C)	0.44	0.79	0.56	-0.31	-0.73
I really feel as if my present organization's problems are my own	0.22	0.51	0.36	-0.26	-0.27
I do not feel like "part of the family" at my present organization (R)	0.49	0.77	0.49	-0.23	-0.44
I do not feel "emotionally attached" to my present organization (R)	0.58	0.88	0.50	-0.27	-0.50
My present organization has a great deal of personal meaning to me	0.52	0.82	0.64	-0.33	-0.49
I do not feel a strong sense of belonging to my present organization (R)	0.54	0.90	0.61	-0.25	-0.61
Normative Commitment (NC)					
I do not feel any obligation to remain with my current employer (R)	0.27	0.63	0.87	-0.21	-0.62
Even if it were to my advantage, I do not feel it would be right to leave my present organization now	0.10	0.40	0.72	0.02	-0.35
I would feel guilty if I left my organization now	0.19	0.49	0.85	-0.04	-0.38
My present organization deserves my loyalty	0.26	0.60	0.79	0.01	-0.59
I would not leave my present organization right now because I have a sense of obligation to the people in it	0.25	0.54	0.81	-0.15	-0.37
I owe a great deal to my present organization	0.24	0.48	0.74	-0.14	-0.38
Continuance Commitment (CC)					
It would be very hard for me to leave my present organization right now, even if I wanted to	0.39	0.53	-0.61	-0.61^{P*}	-0.33
Too much of my life would be disrupted if I decided I want to leave this organization right now	0.10	0.38	0.57	-0.46^{P*}	-0.33

Right now, staying with my organization is a matter of necessity as much as desire	-0.10	-0.19	-0.12	0.47^P	0.13
I believe that I have too few options to consider leaving my present organization	-0.14	-0.28	-0.51	0.66	0.29
One of the few negative consequences of leaving my present organization will be the scarcity of available alternatives	-0.24	-0.33	-0.12	0.77	0.36
If I had not already put so much of myself into my present organization, I might consider working elsewhere	-0.06	-0.51	0.06	0.18^{P*}	0.24
Turnover Intention (TI)					
I often think about quitting this organization	-0.31	-0.60	-0.52	0.39	0.92
I would likely search for a position with another employer	-0.33	-0.64	-0.65	0.26	0.93
It is likely that I will leave the organization in the next year	-0.47	-0.57	-0.41	0.27	0.84

R items were reverse coded

^P problematic items

* dropped in final analysis

The first problematic loading was from the scale measuring satisfaction with a merger. This item had a loading of 0.41. It was deleted, after careful review, due to the possibility that the item did not capture the underlying construct of interest (Barclay et al., 1995) and was adding little explanatory power to the model (Hulland, 1999), and therefore, unreliable (Barclay et al., 1995). The item deleted from the scale stated, “There is a lot of friction between Bank A’s and Bank B’s employees.” Satisfaction with a merger construct then consisted of three items.

The second problematic loadings were four items from the continuance commitment scale. The loadings are as follows, -0.61, -0.46, and 0.47, and 0.18. This researcher suspected that the construct to which the items were linked was multidimensional; therefore, the construct was split into two constructs (Barclay et al., 1995). The reason for suspecting multidimensionality is researchers have posited that the scale developed by Meyer and Allen (1991) and Meyer et al., (1993) to measure continuance commitment actually measures two forms of cost-related commitment (Jaros, 1995). One form is based on the employee’s perception that the cost of leaving the organization is high due to lack of alternatives, and the other form is based on the perception that a high level of personal sacrifice will be made if the employee is to leave the organization (Jaros, 1995). The two constructs are low alternative (LoAlt) and high sacrifice (HiSac). The LoAlt dimension of continuance commitment had acceptable loadings, but HiSac had two acceptable loadings and one low loading of 0.002. Table 3 presents the loadings of the two-dimensional continuance commitment

structure. The HiSac dimension of continuance commitment was removed from further analysis because it was apparent that this researcher was having measurement problems with that dimension. Second, the model without the HiSac variable provided a better fit to the data (Allen & Meyer, 1996). Third, it is necessary to have at least three manifest variables for each latent variable (Barclay, et al., 1995; Cohen, Cohen, Teresi, Marchi, & Velez, 1990). The three items of the HiSac construct that were removed were: (a) “It would be very hard for me to leave my present organization right now, even if I wanted to” ($\lambda = 0.88$), (b) “Too much of my life would be disrupted if I decided I want to leave this organization right now” ($\lambda = 0.84$), and (c) “If I had not already put so much of myself into my present organization, I might consider working elsewhere” ($\lambda = 0.00$).

After the revised model was reproduced (see Table 4 for the loadings and cross-loadings of the trimmed model), all remaining construct items had loadings of individual item reliability of greater than 0.707, except for three items. As stated earlier the threshold was set at 0.5.

Table 3***Construct Items and Loadings (Continuance Commitment)***

Continuance Commitment	Loadings
High Sacrifice (HiSac)	
It would be very hard for me to leave my present organization right now, even if I wanted to	0.88*
Too much of my life would be disrupted if I decided I want to leave this organization right now	0.84*
If I had not already put so much of myself into my present organization, I might consider working elsewhere	0.00*
Low Alternative (LoAlt)	
Right now, staying with my organization is a matter of necessity as much as desire	0.60
I believe that I have too few options to consider leaving my present organization	0.90
One of the few negative consequences of leaving my present organization will be the scarcity of available alternatives	0.93

* Items dropped from further analysis

Table 4
Loadings and Cross-Loadings of Measures for Discriminant Validity (Trimmed Model)

Items	SM	AC	NC	CC LoAlt	TI
Satisfaction with a Merger (SM)					
All things considered, the merger between Bank A and Bank B should not have taken place	0.58	0.34	0.03	-0.31	-0.21
A majority of the employees have come to accept the merger between Bank A and Bank B as a good idea	0.76	0.45	0.27	-0.18	-0.32
My organization has been strengthened by the merger between Bank A and Bank B	0.83	0.52	0.29	-0.03	-0.34
Affective Commitment (AC)					
I would be very happy to spend the rest of my career with my present organization (Bank C)	0.43	0.79	0.56	-0.31	-0.73
I really feel as if my present organization's problems are my own	0.23	0.51	0.36	-0.26	-0.27
I do not feel like "part of the family" at my present organization	0.49	0.76	0.50	-0.23	-0.44
I do not feel "emotionally attached" to my present organization	0.58	0.88	0.50	-0.27	-0.50
My present organization has a great deal of personal meaning to me	0.52	0.82	0.64	-0.33	-0.49
I do not feel a strong sense of belonging to my present organization	0.55	0.90	0.61	-0.26	-0.61
Normative Commitment (NC)					
I do not feel any obligation to remain with my current employer	0.28	0.63	0.87	-0.21	-0.62
Even if it were to my advantage, I do not feel it would be right to leave my present organization now	0.11	0.40	0.72	0.02	-0.35
I would feel guilty if I left my organization now	0.20	0.49	0.85	-0.04	-0.38
My present organization deserves my loyalty	0.27	0.60	0.79	0.02	-0.59
I would not leave my present organization right now because I have a sense of obligation to the people in it	0.26	0.55	0.81	-0.15	-0.37
I owe a great deal to my present organization	0.25	0.49	0.74	-0.13	-0.38
Continuance Commitment (CC LoAlt)					
Right now, staying with my organization is a matter of necessity as much as desire	-0.08	-0.21	-0.12	0.60	0.13
I believe that I have too few options to consider leaving my present organization	-0.13	-0.28	-0.05	0.90	0.29
One of the few negative consequences of leaving my present organization will be the scarcity of available alternatives	-0.23	-0.34	-0.12	0.93	0.36
Turnover Intention (TI)					
I often think about quitting this organization	-0.31	-0.60	-0.52	0.39	0.93
I would likely search for a position with another employer	-0.34	-0.63	-0.65	0.26	0.93
It is likely that I will leave the organization in the next year	-0.47	-0.57	-0.41	0.26	0.85

The reliabilities, and convergent and discriminant validities of the instruments were evaluated by the approaches developed for a PLS context by Fornell & Larcker (1981). Internal consistency or reliability¹ follows the guidelines suggested by Nunnally (1978), which states that constructs with 0.70 or greater are considered acceptable. All scales met this acceptable threshold, (see table 5) therefore demonstrated reliability.

Convergent validity was assessed using the average extracted variance measure² (AVE). The rule of thumb is that AVE values of 0.5 or higher are considered acceptable (Barclay, et al., 1995). Such was the case for the constructs in this study. Table 5 provides a description of the scale score means, standard deviations, internal consistencies, and convergent validities.

The mean for satisfaction with the merger was 5.98 (S.D. = 0.92). For organizational commitment, the affective component was 5.02 (S.D. = 1.20), the normative component was 4.33 (S.D. = 1.37), and the continuance component (LoAlt) was 3.78 (S.D. = 1.26). The mean for turnover intention was 3.00 (S.D. = 1.59).

$$^1\text{Internal Consistency} = \frac{(\sum \lambda y_i)^2}{(\sum \lambda y_i)^2 + \sum \text{Var}(\epsilon_i)}$$

Where $\text{Var}(\epsilon_i) = 1 - \lambda_{yi}^2$

$$^2 \text{ Average Variance Extracted} = \frac{\sum \lambda y_i^2}{\sum \lambda y_i^2 + \sum \text{Var}(\epsilon_i)}$$

Where $\text{Var}(\epsilon_i) = 1 - \lambda_{yi}^2$

Table 5
Means, Standard Deviations, and Internal Consistencies of Latent Variables
(Trimmed Model)

Latent variables	No. Items	Mean	Std. Dev.	Internal Consistency	Convergent Validity
Satisfaction with Merger (SM)¹	3	5.98	0.92	0.77	0.53
Affective Commitment (AC)¹	6	5.02	1.20	0.91	0.60
Normative Commitment (NC)¹	6	4.33	1.37	0.91	0.63
Continuance Commitment (CC LoAlt)¹	3	3.78	1.26	0.88	0.68
*Turnover Intention (TI)¹	3	3.00	1.59	0.93	0.82

¹ The constructs (satisfaction with a merger, affective, normative, and continuance commitment, turnover intention) were measured using a seven-point scale ranging from 1 (*Strongly Disagree*) to 7 (*Strongly Agree*).

* A decrease in mean indicates a decrease in intention to cease membership with the organization.

To assess discriminant validity, Fornell and Larcker (1981) suggest the use of the square root of the AVE for each construct. These coefficients are presented in the correlation matrix along the diagonal in Table 6. The table also includes the correlation between different constructs. For adequate discriminant validity, the diagonal elements should be greater than the off-diagonal elements (i.e., the between-construct correlations) in the corresponding rows and columns. All square-root scores of AVE were greater than the other correlations demonstrating discriminant validity. Another criterion for assessing discriminant validity is that no item should load more highly on another construct than the one it intends to measure (Barclay et al., 1995). Table 4 shows the loadings and cross loadings of the measures of the trimmed model. All the constructs demonstrate discriminant validity. The measures demonstrate good convergent and discriminant validities, thus, demonstrate construct validity.

Table 6
Correlation of Latent Variables

Latent Variables	SM	AC	NC	CC	TI
SM	(0.73)				
AC	0.61	(0.78)			
NC	0.30	0.68	(0.80)		
CC (LoAlt)	- 0.20	- 0.35	- 0.11	(0.82)	
TI	- 0.41	- 0.67	- 0.59	0.34	(0.90)

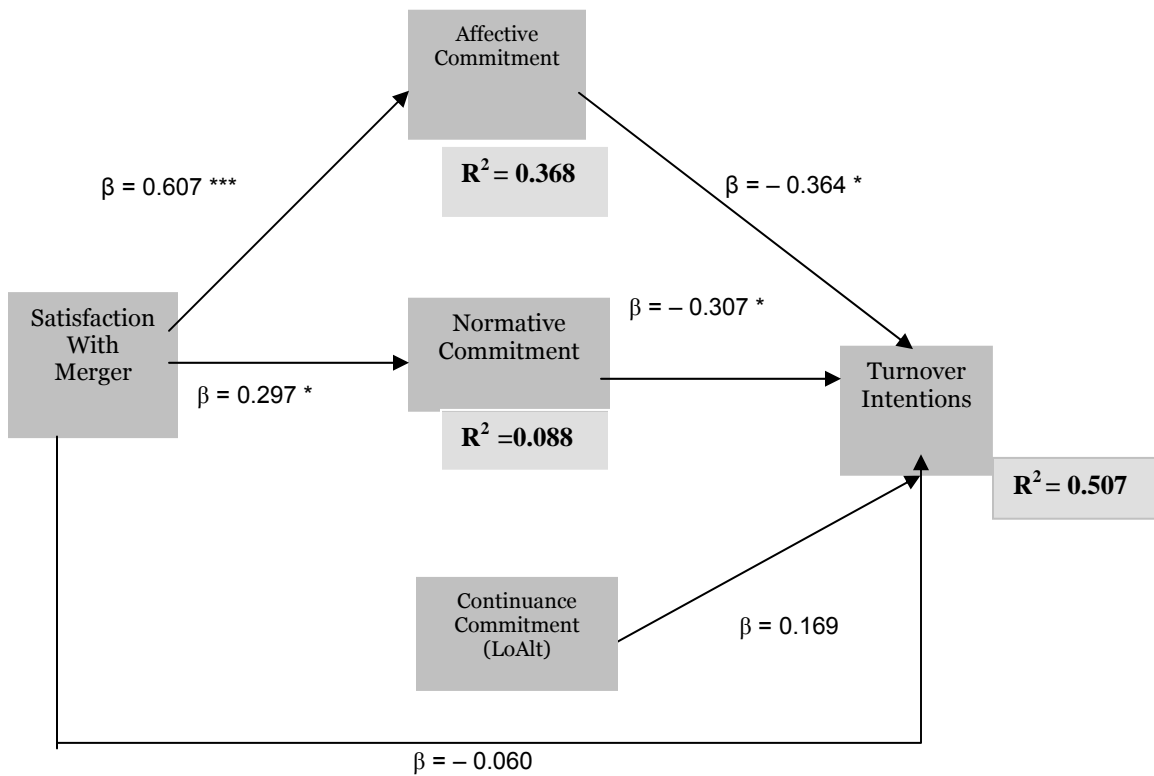
Diagonal elements in the correlation matrix of latent variables are the square roots of AVE, represented in bold.

Assessment of structural model. The PLS analysis revealed that four out of the six paths were significant. The model was, therefore, partially supported. Figure 2 presents the results of the research model; it includes the path coefficients (β 's) and the R^2 values.

The model explained 36.8% of the variance in affective commitment and 8.8% of normative commitment. The R^2 values for the endogenous constructs indicated that 50.7% of the variance in turnover intentions was explained by satisfaction with a merger, and the affective, normative, and continuance forms of organizational commitment. This explained variance in turnover intentions is high compared to a longitudinal study conducted by Jaros (1995), who reported a variance of 30% in turnover intentions measured at time one. In the Jaros (1995) study, the three components of Meyer and Allen (1991) alone accounted for the variance.

Additionally, the model in this study indicated that the strongest predictor of turnover intentions was affective commitment ($\beta = -0.36$ $p < .05$) -this is consistent with previous studies (e.g., Allen & Meyer, 1990; Jaros, 1995)- followed by normative

commitment ($\beta = -0.31$ $p < .05$). Satisfaction with a merger significantly predicted affective commitment ($\beta = 0.61$ $p < .001$) and normative commitment ($\beta = 0.30$ $p < .01$).



Path significance levels

*** $P < .001$

** $P < .01$

* $P < .05$

Figure 2. Results of Research Model

The statistical significance of the loadings and the path coefficients were determined using a jackknife procedure following Barclay et al.'s (1995) recommendation. The findings are presented in the next paragraph. Table 7 below reports the β coefficients and t-values, and the appropriate probability levels for each path.

Table 7
Tests of Hypotheses and Research Questions
(Trimmed Model)

Hypotheses	Path Coefficient β	t-value for path
Satisfaction → Affective Commitment	0.61	7.56***
Satisfaction → Normative Commitment	0.30	2.24*
Satisfaction → Turnover Intention	- 0.06	- 0.55
Affective Commitment → Turnover Intention	- 0.36	- 2.61*
Normative Commitment → Turnover Intention	- 0.31	- 2.07*
Continuance Commitment (LoAlt) → Turnover Intention	0.17	1.61

Path significance levels

*** P< .001

** P< .01

* P< .05

To ensure the validity of relations between the constructs proposed (Pedhazur, 1997), this researcher ran the pre-merger job satisfaction construct as part of the theoretical model. It was ran as an antecedent to the post-merger satisfaction construct for theoretical reasons. This method was used to identify variance³ in the dependent variables that was presumably “caused” by pre-merger job satisfaction, which was extraneous to the relations under study (Pedhazur, 1997).

Results of Analysis

Hypothesis 1 proposed that there is a significant positive relationship between satisfaction with the merger and affective commitment. The results of the PLS analysis indicated that satisfaction with a merger did predict a significant positive relationship with affective commitment ($t = 7.56, p < .001$). This indicates that employees who reported a high satisfaction with the merger score reported a high affective commitment score or employees dissatisfied with the merger reported low affective commitment. Consequently, Hypothesis 1 was supported.

Hypothesis 2 proposed that satisfaction with the merger would be positively related to normative commitment. The analysis provided support for a significant positive relationship between satisfaction with a merger and normative commitment ($t = 2.24, p < .05$). Here the implication is that the more satisfied employees are, the higher their level of obligation to remain with the organization.

³ There was no significant effect so this variable was dropped from further analysis. This indicates that the variables in the theoretical model alone “caused” the variance in turnover intentions and pre-merger job satisfaction is extraneous to the relations under study.

Hypothesis 3 stated that satisfaction with the merger would be negatively related to turnover intent. This hypothesis was not confirmed ($t = -0.55$, $p > .05$), hence failed to reject the null.

Hypothesis 4 proposed that affective commitment would be inversely correlated with turnover intentions and Hypothesis 5 proposed that normative commitment would be inversely correlated with turnover intentions. The t-values of -2.61 at $p < .05$ and -2.07 at $p < .05$ showed that these paths were significant. An increase in affective and normative commitments of the employees diminishes their intent to turnover. Therefore, both hypotheses were supported.

Hypothesis 6 proposed that continuance commitment would inversely correlate with turnover intention. As previously discussed, the continuance commitment construct was split into two constructs, and the low-alternative dimension was retained for analysis. Jackknifing revealed that this relationship was not significant. The results suggest that an employee's recognition of the availability of alternatives does not predict turnover intentions.

Hypothesis 7 stated that satisfaction with a merger would add significant explanatory value to the relationship between the three components of organizational commitment and turnover intentions. To assess the contribution of satisfaction with a merger to the three-component model and the prediction of turnover intentions, a PLS analysis was performed without the construct satisfaction with a merger. The R^2 values for turnover intentions for both models were compared. An R^2 value of 0.507 was obtained when the model was run with the satisfaction with a merger construct present

and an R^2 of 0.517 was obtained when the model was run in the absence of the construct. The results showed that a slightly higher variance (51.7%) was explained with the construct satisfaction with a merger absent than present (50.7%). Therefore, employee merger satisfaction does not add significantly to the relationship between the three-component model of organizational commitment and the prediction of turnover intentions. This hypothesis was not supported.

This study also addressed the following two research questions: (1) Does post-merger satisfaction have an impact on employee organization commitment (affective and normative), and intention to leave the organization among financial institution employees? and (2) if so, what is the strength between the components of organizational commitment and turnover intentions?

Three-path coefficients and their t-values were examined to answer the first question. The three paths were the satisfaction with a merger to affective and normative commitment and turnover intention paths. As shown in Figure 2, satisfaction with a merger had a significant positive impact on affective and normative commitment. It did not, however, have an impact on turnover intentions among the financial-institution employees. This indicates that affective commitment and normative commitment fully mediated the effects of satisfaction with a merger.

The second question concerns the strength between the three components of organizational commitment and turnover intentions. Satisfaction with a merger had an impact on affective and normative commitment; their β coefficients were, therefore, compared. The results showed (see Table 7) the satisfaction with a merger and

affective commitment path was $\beta = 0.61$ and the satisfaction with a merger and normative commitment path was $\beta = 0.30$. One can conclude that the effect of satisfaction with a merger on affective commitment is stronger than its effect on normative commitment. These findings suggest that affective commitment is the most important component influenced by the satisfaction of financial institution employees after merger.

Summary of Chapter

The analysis of the data was presented and yielded the following results: the assessment of the measurement model demonstrated good internal consistencies. All instruments had internal consistencies exceeding 0.77. Good convergent and discriminant validity were also demonstrated. Thus, construct validity was demonstrated. The assessment of the structural model revealed that four paths out of the six were significant; therefore, the model was partially supported.

The next chapter interprets the results of the study that is, to place the results in context of the research questions and hypotheses, and the literature review, then examines the implications, states the limitations of the study and discusses the future research direction.

Chapter IV Discussion

The purpose of this chapter is to interpret the results of the study, and place the results in the context of the research questions, hypotheses and literature review. The chapter is divided into four parts: First, the summary of the results is offered, and it includes an interpretation and explanation of the results for the hypotheses and research questions, integrating past literature. Second, the implications for research and practice are explored. Third, the scope and limitations of this study are examined. Fourth, the directions for future research are provided.

Summary of Results

The purpose of this study is to assess the relations between employee post-merger satisfaction and organizational commitment and turnover intentions using financial-institution employees. The PLS analysis provides evidence that post-merger satisfaction is positively and significantly correlated with affective and normative commitments. Similarly, affective and normative commitments are negatively and significantly correlated with turnover intentions, but that is not the case for continuance commitment and turnover intentions. The results suggest that affective and normative commitment act as mediators in the relationship between merger satisfaction and turnover intentions. The *low alternative* dimension of continuance

commitment had no impact on turnover intentions. The implications for each hypothesis and research questions are discussed.

Interpretations and Explanations of Results Pertaining to Hypotheses

Prior literature linking merger satisfaction and its impact on employees has been limited. However, researchers such as Buono and Bowditch (1989), Cartwright and Cooper (1992, 2000), Covin et al. (1996), Marks and Mirvis (1992), and Schweiger and Denisi (1991), posit that mergers have an impact on employee commitment to organizations. Nonetheless, the impact of mergers on employees' organizational commitment was explained by treating organizational commitment as a uni-dimensional construct. Today, it is well recognized that an employee's commitment to his or her organization can take different forms. A more comprehensive understanding of this relationship is achieved by recognizing that the employee might experience all three of these forms to varying degrees and, therefore, they must be assessed together. Furthermore, changes in the work place, such as a merger, have the potential to influence the three forms of commitment (Meyer et al., 1998). Recognizing that merger satisfaction is associated with organizational commitment, and that there are advantages to simultaneously analyzing the forms of commitment, the implications of the findings are offered.

Hypothesis 1: Satisfaction with a merger and affective commitment.

Hypothesis 1 predicted that employee satisfaction is positively correlated with

affective commitment. Evidence of this relationship is set forth in this study, and suggests that employee satisfaction with a merger is important in predicting employee affective commitment. Stated differently, the employees' emotional attachment, identification with, and involvement in their organization are significantly impacted because they are satisfied with the new organization. Past literature explains the finding that employees' affective commitment is enhanced when their personal needs are fulfilled (Meyer & Allen, 1997). Meyer et al. (1993) and Meyer et al. (1998) argue that affective commitment appears to be strengthened by work experiences. It can, therefore, be alleged that the relationship found between merger satisfaction and affective commitment is in large part a result of the employee work experiences after the merger. Employees' experiences within the new organization may be consistent with their expectations after the merger, and therefore developed a stronger emotional attachment to the new organization than those whose experience was less satisfying. Furthermore, employees who believed in the value and the importance of the change (Topolnytsky & Meyer, 2002), in this case the merger (for example, the employees may believe that the new organization provides them with a conducive environment to achieve their goals), identified with the organization, and became more involved in the organization. Therefore one may conclude that being satisfied with the merger increases the employees' level of affective commitment and being dissatisfied decreases their level of affective commitment.

Hypothesis 2: Satisfaction with a merger and normative commitment.

Satisfaction with a merger demonstrates a significant positive relationship with normative commitment. The implication here is that employee satisfaction with the merger appears to be associated with the obligation the employees feel to remain with the new organization. Normative commitment is impacted after a merger when the employees experience either negative or positive socialization processes. Through a process of conditioning, where behaviors are rewarded by management, or modeling, through observation and imitation of upper management (e.g., the CEO), the employees internalize and learn what is expected of them by their new organization. Employees who are satisfied with the merger may believe it is appropriate to be loyal to the new organization.

After the merger the organization may have provided the employees with significant investments, such as training and tuition reimbursements. These kinds of investments will create an imbalance between the employee/organization relationship, which may cause the employees to feel as though they should reciprocate to eliminate their debt to the new organization.

Another implication of satisfaction with a merger is the effect it has on the employee psychological contract. For example, it is possible that employees view the provision of benefits that the new organization provides as part of the employer's obligation within their psychological contract (Rousseau, 1995). When this contract is perceived to be fulfilled, it creates an obligation on the part of the employee to

reciprocate. Employees' attempts to fulfill their part of the contract may be one of the manifestations of normative commitment.

Hypothesis 3: Satisfaction with a merger and turnover intentions. Past writings on post-merger attitudes, in this case, satisfaction with a merger and turnover intentions, are sparse. This study draws on studies that have examined employee responses to organizational restructurings, such as M&As (Armstrong-Stassen et al., 2001; Buono & Bowditch, 1989; Schweiger & Denisi, 1991) as well as studies of job satisfaction (Tett & Meyer, 1993). Their findings suggest that mergers have an impact on turnover and turnover intentions. Furthermore, Tett and Meyer's (1993) findings conclude that job satisfaction has a negative impact on turnover intentions/ withdrawal cognitions. Drawing on these studies, this researcher postulated that satisfaction with a merger would have a significant negative impact on turnover intentions. Therefore, employees who are happy with the merger will desire to remain with their new organization, consequently diminishing turnover intentions, and in contrast, employees who were unhappy with the new organization would think about leaving it. The results indicated no significant relationship. This may indicate that employee merger satisfaction may not be an important factor to consider when attempting to improve employee retention after a merger or that its effects are fully mediated by other variables such as indicated by the commitment variables.

Another reason for satisfaction with a merger not having a direct impact on turnover intentions may be that liking or disliking the merger is not what makes the

employee think of quitting the organization, but rather being satisfied with their job after the merger. This speculation is based on a research finding reported by Clugston (2000) and Tett and Meyer (1993) that job satisfaction had a greater direct impact on intent to leave than the three forms of organizational commitment.

Another plausible explanation may be that the satisfaction with a merger variable measures the overall degree to which the employee was satisfied with the merger. However, a scale that provides separate measures for specific aspects of merger satisfaction (for example, job security, pay and other compensation, supervision, and opportunity for personal growth after the merger) may have produced different results with turnover intentions. Also, the satisfaction with a merger measure may have been problematic as it was relatively new and untested.

Hypothesis 4: Affective commitment and turnover intentions. The finding of this study supports prior research that reports a significant, positive relation between affective commitment and turnover intentions (Jaros, 1995). The results indicate that the employee's emotional attachment to, involvement in, and identification with the financial institution appear to be important factors to consider when attempting to increase employee retention rates after a merger.

The relationship between affective commitment and turnover intentions is in a large part a result of employee work experiences (Meyer & Allen, 1997). Meyer and Allen (1997) stated that employees are willing to remain with their employers and to exert effort on behalf of the organization. As a result, when the organization affords

their employees the opportunity to develop a sense of belonging and to fulfill the human desire and need for work, then the experiences become meaningful to the employee. This affective state is beneficial to both the employee and employer. For example, the employees will tend to share the goals and values of the employer. When their work experiences are rewarding, these feelings are expected to extend to cognitions related with turnover intentions.

Hypothesis 5: Normative commitment and turnover intentions. Consistent with the hypothesis and with previous research, normative commitment demonstrated a significant negative relationship with turnover intentions. Somers (1995) conducted a study to examine the relationship between affective, normative, and continuance commitment and employee retention and absenteeism. Somers found a significant relationship between normative commitment and intentions to quit. The finding from this study seems to indicate that post-merger normative commitment predicts turnover intentions and employee reciprocation due to an obligation on their part may be important enough to warrant turnover behavior after a merger. Recall that turnover intention is a strong predictor of turnover behavior (Shore & Martin, 1989).

As already stated, normative commitment is believed to develop on the basis of pre-socialization and post-socialization entry experiences. The inference that can be made here is that the organization may provide training or communicating appropriate behaviors that are promoting the employees' obligation to reciprocate and, therefore, diminishing their intent to leave the new organization.

Hypothesis 6: Continuance commitment and turnover intentions. The findings here reveal no significant relationship between the *low alternative* dimension of continuance commitment and turnover intentions. This supports Jaros's (1997) finding that the *low alternative* variable had no significant relationship with turnover intentions. Further, earlier research (e.g., Meyer, et al., 1993; Somers, 1995) states that continuance commitment had no impact on turnover intentions. The finding that continuance commitment (LoAlt) has failed to demonstrate a significant relationship with turnover intentions may be an indication that turnover intention is not an attitudinal expression of the employees' perceived lack or availability of alternatives. Employee retention may be tied to more intrinsic factors - belonging, self-esteem, and motivation (affective) - than extrinsic factors, such as employment opportunities or pay (continuance). This is plausible as participants demonstrated higher levels of affective commitment (M= 5.02, S.D.=1.20) than continuance commitment (LoAlt) (M= 3.78, S.D. =1.26).

Continuance commitment (LoAlt) refers to the employee's perception of availability of alternatives. Previous research suggests that attempts to relate continuance commitment (LoAlt) to turnover intentions can be complicated by the fact that the perceived importance of alternatives is situational, and more importantly, specific to the ways in which each person expresses continuance commitment (Meyer & Allen, 1997). For instance, one employee will realize that his or her skills are organization-specific and non-transferable after a recent job search; another will

consider it an asset to remain with the current organization. Therefore in this study, the employees in the organization may have expressed continuance commitment (LoAlt) in different ways according to their desires, needs, and situation in which they are confronted.

Another possible explanation for this finding between continuance commitment (LoAlt) and turnover intentions is that employees have not come to realize that their external working conditions, such as employment rates and the general economic climate, are promising for securing better positions with their present status. Perhaps measuring the employees' intention to remain rather than their intention to leave would have provided more information.

These plausible explanations can only account for the perceived alternatives and not for perceived potential sacrifices made by the employee. Indeed, a comprehensive understanding of an employee continuance commitment may have been better attained if the high-sacrifice dimension were stable. However, although the fit indices associated with treating continuance commitment as a unitary construct were acceptable, fit improved when the construct was split into two factors (Allen & Meyer, 1996). This is an area for research inquiry.

Hypothesis 7: Satisfaction with a merger, organizational commitment, and turnover intentions. This research constitutes the first attempt to introduce the construct satisfaction with a merger to explain the association between the three-components of organizational commitment and the intent to turnover; therefore,

Hypothesis 7 predicts that the satisfaction with a merger construct will significantly add to the explanation of the three-component model of organizational commitment and turnover intentions. The results provide no support for the prediction made.

This finding may imply that the three-component model of organization commitment in the hypothesized model was the only predictor of turnover intentions after the merger. Post-merger satisfaction did not add any explained variance to the prediction of intent to turnover. This supposition supports Jaros's (1997) findings. He assessed the relationship between the Meyer and Allen (1991) three-component model of organizational commitment and turnover intentions. The results indicated a significant negative correlation with turnover intentions. These findings were similar to Hackett et al. (1994) and Mathieu and Zajac (1990) studies.

Although it is impossible to say with certainty at this point, feelings of belonging and a sense of attachment (affective commitment), and feelings of obligation (normative commitment) after a merger may be salient factors that account for the prediction of turnover after a merger. This finding may also explain why a direct relationship was not found between satisfaction with a merger and turnover intentions (Hypothesis 3). This is an important direction for future research.

Interpretations and Explanations of Results Pertaining to Research Questions

The hypothesized model provided partial support for the research questions. The first research question inquires as to whether merger satisfaction had an effect on

the three components of organizational commitment and turnover intentions of financial-institution employees. The results show that affective and normative commitments are significantly predicted by satisfaction with a merger in this financial institution. Affective and normative dimensions of organizational commitment appear to be important factors after a merger. Since these two forms of commitment to organizations are not mutually exclusive, each employee can simultaneously experience the two types (Clugston, 2000) after a merger, and satisfaction or dissatisfaction with a merger could simultaneously heighten the levels of affective and normative commitments. This can have an affect on important organizational outcomes such as productivity.

The second question asked what the strengths between satisfaction with a merger, the components of commitment and turnover intentions are among the financial-institution employees. The results indicated that satisfaction with a merger significantly predicted affective commitment, suggesting that an employee's affective commitment after a merger is probably an important factor tying the employee to the new organization.

Implications

Implications for theory and research. The twenty-first century has been hailed as a time of tremendous change in the world of work (e.g., M&As), however, what is surprising is the paucity of research on employee reaction to change (Herscovitch & Meyer, 2002). Moreover, Judge, Thoresen, Pucik, and Welbourne (1999) stated that

the extant research takes a macro approach. They, therefore, call for a more individual or micro approach to the study of employees and their reaction to change. This study makes theoretical contributions by adding to our knowledge about the impact mergers have on employees from an individual or micro perspective.

This study may also provide useful contributions to theorizing about mergers, organizational commitment, and turnover intentions. Empirical evidence is provided that satisfaction with a merger or post-merger attitudes does impact the affective and normative components of organizational commitment in different ways. This also supports the thesis that organizational commitment is multidimensional.

Although this study and previous research have acknowledged that affective and normative commitments have a significant relationship with turnover intention, the reader must be cautious when interpreting that affective and normative are the only factors to consider when attempting to increase organizational commitment. This statement is made because Meyer and Allen (1997) revealed that by failing to recognize that organizational commitment takes different forms, the risk is increased in the assumption that the remaining employees after a merger are those who must be affectively or normatively committed.

This research constitutes the first attempt to introduce the construct, satisfaction with a merger, and its association with the three components of organizational commitment and the intent to turnover. Although this variable did not contribute to the further understanding of the relationship between organizational commitment and turnover intentions, this researcher supposes that facet measures,

such as satisfaction with peers and co-workers (social satisfaction) after a merger, or another measurement instrument may have provided some insight to the relationship. Further, a longitudinal inquiry as opposed to the concurrent approach taken by this study may offer some insight to the relationship.

Finally, the use of the PLS approach to SEM provide the researcher with four key benefits: (a) the assumptions, constructs, and hypothesized relationships in theory are explicit; (b) a degree of precision is added to theory, since SEM requires clear definitions of constructs, operationalizations, and functional relationships; (c) a complete representation of complex theories are permitted; and (d) a formal framework for constructing and testing both theories and measures are provided (Hulland, 1999). Hence, there is greater confidence in making correlational inferences.

Implications for M&A management. The research findings may have some practical implications for the management of mergers. This research suggests that employee post-merger satisfaction seems to be strongly associated with affective and normative commitments though generalizations of results are limited because only one institution was studied. Consequently, by understanding the importance of post-merger satisfaction, management can take a variety of actions that may help create synergy, maintain competitiveness, and, above all, ensure merger success.

Understanding organizational commitment and turnover intentions in a post-merger environment can have benefits for both employees and their employing organizations and may be one of the avenues to ensure merger success. A new

organization that provides its employees the opportunity to undertake important and challenging work, to learn new skills, to develop as a person, and to meet and interact with people could lead to the development of commitment, namely affective commitment, and in turn, the employees will exert extra effort on the behalf of the organization. This leads to important organizational outcomes such as productivity, organizational citizenship behaviors, and creativity, which are all critical factors for organizational competitiveness, employee retention, synergy creation, and effectiveness. A major implication of weak commitment, especially affective commitment, is turnover intentions (Meyer& Allen, 1997; Jaros, 1997); which leads to turnover, which is detrimental to the health of the new organization.

The findings that employee satisfaction with a merger had a significant positive impact on affective and normative commitments, and that these two forms of commitments have significant negative impacts on turnover intentions, implies that organizations can do well by focusing on these two kinds of commitments. For example, organizational leaders can incorporate procedures in their human-resource management (HRM) practices, such as evaluations of career development practices. Meyer and Smith (2000) reported that of the HRM functions examined, evaluations for career development practices were best predictors of affective and normative commitments. This is not surprising given that these practices are concerned with preparing employees for a future within the new organization. Organizations that take an active role in helping employees to prepare themselves for advancement in the organization, and do so in a way that creates a perception of support, may foster a

stronger bond to the organization among employees than those that do not. If management increases affective and normative commitments, there will be a reduction in, voluntary turnover as a result of focusing on work experiences that communicate that the new organization is committed to, and supportive of, its employees, and develops their sense of personal competence (Meyer & Allen, 1991; Meyer & Smith, 2000).

Supportiveness plays a role in increasing affective and normative commitments. Meyer and Smith (2000) argue that employees are more likely to become committed to an organization if they believe that the organization is committed to them. They report that perceived organizational supportiveness has been linked to affective commitment. No empirical evidence has been published linking normative commitment with organizational supportiveness, but normative commitment has been found to correlate positively with related constructs such as organizational dependability and management receptiveness. Accordingly, it is possible that employees would feel a greater sense of obligation to remain if they view their new organization as supportive. Indeed, normative commitment might be one manifestation of employees' response to organizations that are perceived to provide support as part of the psychological contract with employees (Meyer & Smith, 2000). Organizational leaders or managers need to support these employees.

Another important area that may be considered by organizations that are contemplating a merger is recognizing their employees contributions are important to their new organization's goals and values. Allowing employees to be involved in the

decision-making activities at the pre-merger, during the merger, and post-merger phases will increase their affective commitment.

Finally, organizations may be at an advantage if management ensures that organizational policies and procedures after a merger include assessing the needs of the employees individually and customizing their incentives. For example, some employees may value organization-sponsored tuition payments because they are still in school; others would value organization-sponsored training (e.g., Canadian Securities Course); therefore, the new organization would increase normative commitment by recognizing that its employees are diverse and so are their needs. The employees perceive the organization as showing greater care and concern (Meyer & Allen, 1997). The recommendations suggested above do not provide an exhaustive review of the literature but outline some of the themes that have been shown to affect affective and normative commitments.

Scope and Limitations

The following conditions may have exerted certain limitations on the process of implementing this research study, which should be considered when interpreting the results.

Among the limitations of this current study is the fact that the constructs were assessed using self-report surveys. This raises the possibility that relationships among the constructs reported in this study might be influenced by common variance. For instance, the interrelationships between the variables provides some evidence that

common method variance may play a role in variance shared among the affective, normative, and continuance commitment factors (see table 6). Further research to ensure that the three factors of organizational commitment are measured independently and discriminatory is needed. However, some method bias was partially alleviated with the use of reverse-scored items.

Only one selected point during the merger process was studied, the post-merger phase. Attitudes are not always consistent across time, and although organizational commitment has been shown to be a stable attitude in comparison to others, it can be influenced by the day's or week's operations in the financial sector. The survey could have taken place during a special week. It will not be appropriate to logically extrapolate findings to other time periods such as the pre-merger phase.

The scope of the study was limited to the selected variables, satisfaction with merger, organizational commitment and turnover intentions. Additionally, the data for this study were collected from a single organization and the sample was not random. Therefore, it cannot be assumed that the results of this study will be generalizable to employees of all post-merger organizations across different institutions, locations, company size, and cultures. Financial institutions are different from other institutions and this bank may be unique.

Another limitation is that this study employed a correlational design, thus it is only relational in nature. This investigator cannot make any causal inferences between satisfaction with a merger, organizational commitment, and turnover intent.

Finally, the theory of “rival hypotheses,” by Cook and Campbell (1979) is possible in this study because of its nature. The theory explores the possibility that outside factors influence hypotheses, factors that are outside the hypotheses proposed in this study. Examples of possible outside factors in this study include rumors of anticipated corporate layoffs, job-market conditions in the financial sector, and unemployment rates of the province.

Future Directions

This study looked at selected variables at a particular point in time after the merger process. A longitudinal analysis of the same constructs including actual measurement of turnover may have yielded important results as to the effects of the merger on employees after a longer time period. It may have also allowed for the assessment of changes in attitudes over time and, as a result, retained more confidence in the findings and interpretations of the satisfaction with a merger, commitment, and the turnover intentions relationship. This would be an important direction for also assessing the satisfaction with a merger and turnover relationship.

The PLS analysis reveals that other independent variable(s) beyond the one examined (satisfaction with a merger) may contribute to intent to turnover. Therefore, other variables need to be studied, such as job satisfaction, job involvement, communication, and leadership influences.

More research is needed to test the proposed continuance commitment/turnover relationship; the three-factor model requires more research. Additionally, research may be well served if research on continuance commitment

targets the professional (e.g., Canadian mutual funds license) and non-professional, (e.g., pension contributions) aspects of individual investments. The ability to distinguish these forms of investments would allow researchers to assess the impact and importance of professional and non-professional investments on turnover intentions and also assess the relationship with satisfaction with a merger.

Due to the findings that satisfaction with a merger impacted the two dimensions of organizational commitment differently and they differed in their impacts on turnover intentions, future research needs to determine the reasons behind these differences.

Research has only scratched the surface in its attempts to understand the development and outcomes of organizational commitment in large-scale organizational change, such as M&As. Future research may hold the key to improving the effectiveness of these organizations, and the enhancing the working conditions of their employees.

Summary and Conclusions

This study attempts to comprehensively examine factors that may link employee post-merger attitudes (i.e., satisfaction with a merger) with the three components of organizational commitment and turnover intentions. The use of employees from a financial institution allowed the researcher to further generalize the findings of this relationship to a population currently underserved in the research domain. Results revealed that satisfaction with a merger had significant impacts on

affective and normative commitments, and affective and normative commitments also had significant impacts on turnover intentions.

The synopsis of this study is that employee post-merger satisfaction may be an important factor to consider after a merger. In addition commitment is arguably one of the most important factors involved in employees' support for change initiatives (Herscovitch & Meyer, 2002), such as a M&A. Consequently, the most prevalent factor contributing to failed M&As is the lack of commitment by the employees. This study has extended the Meyer and Allen (1991) and Meyer et al. (1993) Three-Component Model of Organizational Commitment in an M&A scenario to explain how employees respond to mergers and through this understanding may enhance a positive exchange relationship between employees and their employing organizations.

References

- Allen, N.J., & Meyer J.P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational Psychology*, 63, 1-18.
- Allen, N.J., & Meyer J.P. (1996). Affective, continuance and normative commitment to the organization: An examination of construct validity. *Journal of Vocational Behavior*, 49, 252-276.
- Amoako-Adu, B., & Smith, B. (1995). The wealth effects of the deregulation of Canadian Financial institutions. *Journal of Banking and Finance*, 19, 1211-1236.
- Anderson, N., & Schalk, R. (1998). The psychological contract in retrospect and prospect. *Journal of Organizational Behavior*, 19, 637-647.
- Angle, H.L., & Perry, J.L. (1981). An empirical assessment of organizational commitment and organizational effectiveness. *Administrative Science Quarterly*, 26, 1-15.
- Anonymous. (1997). Honor roll of most active acquirers—1996. *Mergers & Acquisitions*, 31, 42-44.
- Anonymous. (1999). M&A in Canada. *Mergers & Acquisitions*, 33, 63.
- Armenakis, A.A., & Bedeian, A.G. (1999). Organizational change: A review of theory and research in the 1990s. *Journal of Management*, 25, 293-315.

- Armstrong-Stassen, M., Cameron S.J., Mantler J., & Horsburgh, M.E. (2001). The impact of hospital amalgamation on the job attitudes of nurses. *Canadian Journal of Administrative Sciences*, 18, 149-162.
- Ashkenas, R.N., DeMonaco, L.J., & Francis, S.C. (1998). Making the deal real: How GE Capital integrates acquisitions. *Harvard Business Review*, 76, 165-178.
- Babbie, E. (1990). *Survey research methods* (2nd ed.). Belmont, CA: Wadsworth.
- Barclay, D., Higgins, C., & Thompson, R. (1995). The partial least squares (PLS) approach to causal modeling, personal computer adaptation and use as an illustration. *Technology Studies*, 2, 285-309.
- Baruch, Y. (1999). Response rate in academic studies – a comparative analysis. *Human Relations*, 54, 421-438.
- Becker, T.E. (1960). Notes on the concept of commitment. *American Journal of Sociology*, 66, 32-40.
- Becker, T.E. (1992). Foci and bases of commitment: Are they distinctions worth making? *Academy of Management Journal*, 35, 232-244.
- Begley, T.M. (1998). Coping strategies as predictors of employee distress and turnover after an organizational consolidation: A longitudinal analysis. *Journal of Occupational and Organizational Psychology*, 71, 305-329.
- Berger A.N., Demsetz, R.S., & Strahan, P.E. (1999). The consolidation of financial services industry: Causes, consequences and implications for the future. *Journal of Banking & Finance*, 23, 135-194.

- Brikinshaw, J. (1992). *Causal modeling: PLS and Lisrel* (Statistics 712 final paper).
London, Ontario: University of London, Ontario, Richard Ivey School of
Business.
- Buchanan, B. (1974). Building organizational commitment: The socialization of
managers in work organizations. *Administrative Science Quarterly*, 19, 533-
546.
- Buono, A. R., & Bowditch, J. L. (1989). *The human impact of merger and
acquisitions: Managing collisions between people, cultures and organizations*.
San Francisco: Jossey-Bass.
- Buono, A.R, Bowditch, J.L., & Lewis, J.W. (1985). When cultures collide: The
anatomy of a merger. *Human Relations*, 38, 477-500.
- Buono, A. R., Bowditch, J. L., & Lewis, J. W. (1988). The cultural dynamics of
transformation: The case of a bank merger. In R. Kilmann & T. J. Covin
(Eds.). *Corporate transformation: Revitalizing organizations for a competitive
world* (pp. 497-522). San Francisco: Jossey-Bass.
- Cartwright, S., & Cooper, G.L. (1990). The impact of merger and acquisitions on
people at work: Existing research issues. *British Journal of Management*, 1,
65-75.
- Cartwright, S., & Cooper, G.L. (1992). *Mergers and Acquisitions: the human
factor*. Oxford, Britain: Butterworth-Heinemann.

- Cartwright, S., & Cooper, C.L. (1993a). The psychological impact of mergers and acquisition on the individual: a study of building society managers. *Human Relations*, 46, 327-347.
- Cartwright, S., & Cooper, C.L. (1993b). The role of culture compatibility in successful organizational marriage. *Academy of Management Executive*, 7, 57-70.
- Cartwright, S., & Cooper, C.L. (1994). The human effects of mergers and acquisitions. In C.L. Cooper & D.M. Rousseau (Eds.). *Trends in Organizational Behavior* (vol. 1 pp.47-61). New York: John Wiley & Sons.
- Cartwright, S., & Cooper, C.L. (1995). Organizational marriage: “Hard” verses “Soft” issues? *Personnel Review*, 24, 32-41.
- Cartwright, S., & Cooper, C.L. (2000). *HR know-how in Mergers and Acquisitions*. London, Britain: Cromwell Press.
- Chang, E. (1999). Career commitment as a complex moderator of organizational commitment and turnover intention. *Human Relations*, 52, 1257-1278.
- Cheheb, A. (2002). Market reaction to large bank merger announcements in oligopolies. *Journal of Economics and Finance*, 26, 63-73.
- Cho, B. (2002, June). *Employees’ reactions to a merger and acquisition: A social identity perspective*. Paper presented at the Mergers and Acquisition Summit, Calgary, Canada.
- Clemente, M. N. (2001). A take-charge CEO to spearhead the M&A process. *Mergers and Acquisitions*, 36, 35-37.

- Clugston, M. (2000). The mediating effects of multidimensional commitment on job satisfaction and intent to leave. *Journal of Organizational Behavior, 21*, 477-486.
- Cohen, P., Cohen, J., Teresi, J., Marchi, M., & Velez, C.N. (1990). Problems in the measurement of latent variables in structural equations causal models. *Applied Psychological Measurement, 14*, 183-196
- Cook, T.D., & Campbell, D. T. (1979). *Quasi-Experimentation: Design & analysis issues for field settings*. Boston: Houghton Mifflin.
- Cornett, M. M., & Tehranian, H. (1992). Changes in corporate performance associated with bank acquisitions. *Journal of Financial Economics, 31*, 211-235.
- Covin, T.J., Sightler, K.W., Kolenko, T.A., & Tudor, R.K. (1996). An investigation of post-acquisition satisfaction with the merger. *Journal of Applied Behavioral Science, 32*, 125-36.
- Davy, J.A., Kinicki, A., Kilroy, J., & Scheck, C. (1988). After a merger: Dealing with people's uncertainty. *Training and Development Journal, 42*, 57-61.
- Dunham, R.B., Grube, J. A., & Castaneda, M. B. (1994). Organizational commitment: The utility of an integrative definition. *Journal of Applied Psychology, 79*, 370-80.
- Eagly, A. H., & Chaiken, S. (1993). *The psychology of attitudes*. Fort Worth, TX: Harcourt Brace Jovanovich College.

- Ellis, K.M. (2002, June). *Exploring acquisition process management: Do differences really exist across integration approaches?* Paper presented at the Mergers and Acquisition Summit, Calgary, Canada.
- Fornell, C., & Larcker, D. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research, 18*, 39-50.
- Fulmer, R. (1986) Meeting the merger integration challenge with management development. *Journal of Management Development, 5*, 7-16.
- Fulmer, R., & Gilkey, R. (1988). Blending Corporate Families: Management and Organization: Development in a post-merger environment. *The Academy of Management Executive, 2*, 275-283.
- Gart, A. (1989). *An analysis of the new financial institutions: Changing technologies, financial structures, distribution systems, and deregulation*. New York: Quorum Books.
- Gaughan, P. A. (1996). *Mergers, acquisitions, and corporate restructuring*. New York: John Wiley & Sons.
- Greenwood, R., Hinings, C.R., & Brown, J. (1994). Merging professional service firms. *Organization Science, 5*, 239-58.
- Hackett, R. D., Bycio, P., & Hausdorf, P. A. (1994). Further assessments of Meyer and Allen's (1991) three-component model of organizational commitment. *Journal of Applied Psychology, 79*, 15-24.

- Hackman, J. R., & Oldham, G. R. (1975). Development of the job diagnostic survey. *Journal of Applied Psychology, 60*, 159-170.
- Hartmann, L.C., & Bambacas, M. (2000). Organizational commitment: A multi method scale analysis and test of effects. *International Journal of Organizational Analysis, 8*, 89-108.
- Hartog, V. (2002, June). *The impact of cultural differences on the gap between synergy goals and synergy achieved*. A Paper presented at the Mergers and Acquisition Summit, Calgary, Canada.
- Herscovitch, L., & Meyer, J.P. (2002). Commitment to organizational Change: Extention of a Three-Component Model. *Journal of Applied Psychology, 87*, 474-487.
- Hogan, E., & Overmyer-Day, L. (1994). The psychology of mergers and acquisitions. In C.L. Cooper & I. T. Robertson (Eds.). *International Review of Industrial and Organizational Psychology, 9*, 247-279.
- Hom, P. W., & Hulin, C. L. (1981). A comparative test of the prediction of reenlistment of several models. *Journal of Applied Psychology, 66*, 23-29.
- Hulland, J. (1999). Use of partial least squares (PLS) in strategic management research: A review of four recent studies. *Strategic Management Journal, 20*, 195-204.
- Jaros, S. J. (1995). An assessment of Meyer and Allen's (1991) three-component model of organizational commitment and turnover intentions [Special issue]. *Academy of Management Journal, 317-323*.

- Jaros, S. J. (1997). An assessment of Meyer and Allen's (1991) three-component model of organization commitment and turnover intentions. *Journal of Vocational Behavior, 51*, 319-337.
- Judge, T.A., Thoresen, C.J., Pucik, V., & Welbourne, T.M. (1999). Managerial coping with organizational change: A dispositional perspective. *Journal of Applied Psychology, 84*, 107-122.
- Kanter, R.M. (1968). Commitment and social organizations: A study of commitment mechanisms in utopian communities. *American Sociological Review, 33*, 499-517.
- Ketchand, A.A., & Strawser, J.R. (1998). The existence of multiple measures of organizational commitment and experience-related differences in a public accounting setting. *Behavioral Research in Accounting, 10*, 109-137.
- Larsson, R., & Finkelstein, S. (1999). Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization. *Organization Science, 10*, 1-26.
- Lee, T.W., & Mitchell, T.R. (1994). An alternative approach: The unfolding model of voluntary employee turnover. *Academy of Management, 19*, 51-89.
- Liou, K. T. (1998). Employee turnover intention and professional orientation: A study of detention workers. *Public Administration Quarterly, 22*, 161-175.

- Lum, L., Kerin, J., Clark, K., & Reid, F. (1998). Explaining nursing turnover intent: job satisfaction, pay satisfaction, organizational commitment? *Journal of Organizational Behavior, 19*, 305-320.
- March, J. G., & Simon, H. A. (1958). *Organizations*. New York: Wiley.
- Marks, M. L., & Mirvis, P. H. (1992). Track the impact of mergers and acquisitions. *Personnel Journal, 71*, 70-79.
- Mathieu, J. E., & Zajac, D. M. (1990). A Review and Meta-Analysis of the Antecedents, Correlates, and Consequences of Organizational Commitment. *Psychological Bulletin, 108*, 171-194.
- Meyer, J., & Allen, N. (1984). Testing the “side-bet theory” of organizational commitment some methodological considerations. *Journal of Applied Psychology, 69*, 372-78.
- Meyer, J., & Allen, N. (1991). A three-component conceptualization of organizational commitment. *Human Resource Management Review, 1*, 69-89.
- Meyer, J.P., & Allen, N.J. (1997). *Commitment in the Work Place: Theory Research and Application*. London, UK: Sage.
- Meyer, J., Allen, N.J., & Smith, C.A. (1993). Commitment to organizations and occupations: Extension and test of three-component conceptualization. *Journal of Applied Psychology, 78*, 538-51.
- Meyer, J. P., Allen, N. J., & Topolnytsky, L. (1998). Commitment in a changing world of work. *Canadian Psychology, 39*, 83-93.

- Meyer, J.P., Paunonen, S.V., Gellatly, I. H., Goffin, R. D., & Jackson, D. N. (1989). Organizational Commitment and Job Performance: It's the Nature of the commitment that counts. *Journal of Applied Psychology, 74*, 152-56.
- Meyer, J.P., & Smith, C.A. (2000). HRM practices and organizational commitment: Test of a mediation model. *Canadian Journal of Administrative Sciences, 17*, 319-331.
- Mitchell, T. R., Holtom, B.C., Lee, T.W., Sablinski, C. J., & Erez, M. (2001). Why people stay: Using job embeddedness to predict voluntary turnover. *Academy of Management Journal, 44*, 1102-1121.
- Mobley, W.H. (1982). *Employee Turnover: Causes, Consequences, and Control*. Addison-Wesley, Reading, MA.
- Mowday, R., Porter, L., & Steers, M. (1982). *Employee-organization linkages: The Psychology of Commitment, Absenteeism, and Turnover*: New York: Academic Press.
- Newman, J.M., & Krzystofiak, F.J. (1993). Changes in employee attitudes after a merger. *Group & Organizational Management, 18*, 390-410.
- Niehoff, B., Moorman, R. H., Blakely, G., & Fuller, J. (2001). The influence of empowerment and job enrichment on employee loyalty in a downsizing environment. *Group & Organization Management, 26*, 93-113.
- Nunnally, J. (1978). *Psychometric theory*, (2nd ed.). New York: McGraw-Hill.

- O'Reilly, C.A., III, & Chatman, J. (1986). Organizational commitment and psychological attachment: The effects of compliance, identification, and internalization on prosocial behavior. *Journal of Applied Psychology, 71*, 492-499.
- Organ, D.W. (1988). *Organization citizenship behavior: The good soldier syndrome*. Lexington, MA: Lexington Books.
- Pedhazur, E.J. (1997). *Multiple regression in behavioral research: Explanation and prediction*. Forth Worth: Harcourt Brace College.
- Peters, L.H., Bhagat, R.S., & O'Connor, E.J. (1981). An examination of the independent and joint contribution of organizational commitment and job satisfaction on employee intentions to quit. *Group and Organization Studies, 6*, 73-82.
- Pilloff, J.S., & Santomero, A.M. (1998). The value effects of bank mergers and acquisitions. In: Amihud, Y., Miller, G. (Eds.). *Bank Mergers and Acquisitions*. Boston, MA: Kluwer Academic Publishers.
- Porter, M.E. (1985). *Competitive analysis*. New York: Free Press.
- Porter, L.W., & Steers, R. M. (1973). Organizational, work and personal factors in employee turnover and absenteeism. *Psychological Bulletin, 80*, 151-176.
- Porter, L.W., Steers, R. M., Mowday, R.T., & Boulian, P.V. (1974). Organizational commitment, job-satisfaction, and turnover among psychiatric technicians. *Journal of Applied Psychology, 59*, 603-609.

- Pratkanis, Steve J. (1989). The cognitive representation of attitudes. In Anthony R. Pratkanis, Steve J. Breckler, & Anthony G. Greenwald (Eds.). *Attitude structure and function*. Hillsdale, N.J: Erlbaum Publishers.
- Reichers, A. E. (1985). A review and conceptualization of organizational commitment. *Academy of Management Review*, *10*, 465-476.
- Rousseau, D. M. (1995). *Promises in action: Psychological contracts in organizations*. Newbury Park, CA: Sage.
- Salancik, G. (1977). Commitment and control in organizational behavior and belief. In B. Straw & G Salancik (Eds.). *New directions in organizational behavior* (pp.1-54). Chicargo: St Clair.
- Schraeder, M. (2001). Identifying employee resistance during the threat of a merger: An analysis of employee perceptions and commitment to an organization in a pre-merger context. *The Mid - Atlantic Journal of Business*, *37*, 191-203.
- Schweiger, D., & DeNisi, A. (1991). Communication with employees following a merger: A longitudinal field experiment. *Academy of Management Journal*, *34*, 110-135.
- Schweiger, D. M., Ivancevich, J. M., & Power, F. R. (1987). Executive actions for managing human resources before and after acquisition. *Academy of Management Executive*, *1*, 127-138
- Shaw, J.D., Delery, J. E., Jenkins Jr., G.D., & Gupta, N. (1998).An organization-level analysis of voluntary and involuntary turnover. *Academy of Management Journal*, *41*, 511-525.

- Shore, L.M., & Martin, H. J. (1989). Job satisfaction and organizational commitment in relation to work performance and turnover intentions. *Human Relations*, 42, 625-638.
- Sinetar, M. (1981). Mergers, morale, and productivity. *Personnel Journal*, 60, 863-867.
- Somers, M.J. (1995). Organizational commitment, turnover, and absenteeism: An examination of direct and indirect effect. *Journal of Organizational Behavior*, 16, 49-58.
- Tett R.P., & Meyer J.P. (1993). Job satisfaction, organizational commitment, turnover intention, and turnover: Path analyses based on meta-analytical findings. *Personnel Psychology* 46, 259-291.
- Topolnytsky, L., & Meyer, J.P. (2002). *Employee commitment under conditions of change: A longitudinal study*. A Paper presented at the annual meeting of the Society for Industrial and Organizational Psychology, Toronto, Canada.
- Vandenberg, R.J., & Nelson, J. (1999). Disaggregating the motives underlying turnover intentions: When do intentions predict turnover behavior? *Human Relations*, 52, 1313-1336.
- Weber, Y. (1996). Corporate cultural fit and performance in mergers and acquisitions. *Human Relations*, 49, 1181-1193.
- Whitener, E.M., & Walz, P.M. (1993). Exchange theory determinants of affective and continuance commitment and turnover. *Journal of Vocational Behavior*, 42, 265-281.

- Wiener, Y. (1982). Commitment in organizations: A normative view. *Academic Management Review*, 7, 418-428.
- Wold, H. (1982). "Systems under indirect observation using PLS" In C. Fornell (Ed.). *A second generation of multivariate analysis*. Vol. 1, Methods (pp. 325-347). New York: Praeger.
- Wolgast, M. (2001). M&A in the financial industry: A matter of concern for bank supervisors? *Journal of Financial Regulation and Compliance*, 9, 225-236.
- Yeager, F.C., & Seitz, N.E. (1985). *Financial Institution Management: Text and Cases* (2nd ed.). Reston: Reston Publishing.

APPENDIXES

Appendix A

Cover Letter

Dear Employees,

I am a Master of Science student at the University of Lethbridge. In order to fulfill my requirements for the Master's degree, I am conducting a study on the effects of the Bank C merger on its employees. I am neither affiliated with Bank C nor any of the Banks associated with this merger.

In order to gain a better understanding of how the merger has affected you, I am asking for your participation in this study. This study will have potential benefits, such as, making the merger integration process easier for employees involved in the Bank C merger and other employees, both locally and nationally, who are also involved in major organizational changes. Your participation would, therefore, provide valuable and insightful information that would contribute to the management of Mergers and Acquisitions in Canada.

Your participation is strictly **voluntary**. You are free to withdraw from the study at any time without prejudice. Whether or not you participate in the study will not affect your job in any way. All information will be kept **confidential**. Any information published or presented will be reported as group data. No individual responses will be identified. A report will be submitted as part of my Master's project to the University of Lethbridge, will be used for publication, and will be made available to your organization. You can also gain information about the research results by contacting the researcher(s) below.

Your organization will be identified as a bank in Canada. I can assure you that in no way will you be identified in the study. Furthermore, the primary researcher is the only one that has access to the data. The surveys will be shredded and recycled after the completion of the study. The appropriate ethics committees have approved all aspects of the study so you should feel comfortable with the integrity of the project.

Enclosed is a questionnaire for you to complete. This will take about 15 to 30 minutes to complete. We are offering two \$50.00 prizes to those that complete the survey, because we value your responses. On the last page of your booklet is a number, please tear and keep it. The matching number will be entered into a random draw (**this**

number is for the prizes only). The winning numbers will be posted in your newsletter. The winners should contact me at 328-7143 for the delivery of your prize. If you have any questions about this study please feel free to contact me, Ivy Kyei-Poku at 382-7143 or e-mail ivy.kyeipoku@uleth.ca. You may also contact my supervisor, Dr. Diane Miller at 380-1845 or d.miller@uleth.ca. Questions of a general nature can also be answered by Linda Janz, the contact person for The Faculty of Management Ethics Committee at the University of Lethbridge at (403) 329-2109.

Please place your completed or uncompleted questionnaire in the envelope provided, then seal and place it in the designated box. I will collect the packages, whether completed or not, after your staff meeting during the week of June 18.

Your assistance and participation is greatly appreciated.

Sincerely,

Signature and date of student

Signature and date of supervisor

Appendix B

Instructions to Distributors

Dear Bank Managers/Distributors,

Enclosed are questionnaires for you to distribute to your employees at your staff meeting during the week of June 18.

Directions for managers or distributors

1. Allocate 15 to 30 minutes toward the end of your staff meeting to allow employees and yourself time to fill out the questionnaires.
2. Leave the room with your package after distributing the other packages to your employees; this is to limit the impression of undue influence on employees.
3. Place the designated box labelled “University of Lethbridge” near the doorway for employees to put their surveys in when leaving the room.
4. After the employees have placed all their surveys in the box designated for questionnaire collection, please remove the box and place it in a secure location in your office.

Read the following instructions to the employees before distributing the questionnaires.

1. This study is being conducted by Ivy Kyei-Poku, a Master of Science student at the University of Lethbridge, to fulfill her requirements for the Master’s degree. She is not affiliated with Bank C.
2. The study is about the effects of the Bank C on its employees.
3. Your participation would provide valuable information that would be used to improve the management of Mergers and Acquisitions in Canada.
4. Your participation is voluntary and you are free to withdraw from the study at any time.
5. All information will be kept confidential.
6. Do not write your name anywhere on the survey or on the return envelope.
7. No individual responses will be identified.
8. Every package contains a cover letter, an eight-page booklet (there are 31 questions), and a return envelope.
9. Please respond to all questions on the survey and be as honest as you can.
10. There are two matching numbers on page 7, detach the bottom number and keep it. The number is for a random draw for 2 prizes valued at \$50.00 each for completion of your survey.
11. When you are finished, whether you completed the survey or not, place it in the return envelope and then seal it.

12. As you exit the room, put the sealed envelope in the box labelled “University of Lethbridge”.
13. Ivy will collect the surveys after the meeting.
14. The information I just provided is stated in the cover letter enclosed in the package.

Now distribute the packages.

Your assistance and participation is greatly appreciated.

Sincerely,

Signature of student

signature of supervisor

Appendix C

Questionnaire

Demographic Information

I would like you to answer a few questions about your work history and background. I am not interested in identifying individual employees. These questions only help me to compare the opinions of different groups of employees.

Please fill in the blanks or check the appropriate response.

1. What is your age? _____
2. What is your gender?
 Female
 Male
3. What is your highest level of education (i.e., degree) obtained?
 - 1) Less than High School
 - 2) High School Diploma or equivalent
 - 3) Some College/University
 - 4) College Diploma
 - 5) Undergraduate Degree
 - 6) Master's degree
 - 7) Doctorate degree
4. How many certifications/accreditations do you have (e.g., Canadian Securities Course or Mutual Funds License)? _____
5. Who was your previous employer before the merger?
 Bank A
 Bank B
 Other
6. How long had you worked for the above-mentioned company before the merger? _____

7. Are you a Supervisor?

Yes
 No

8. Did you receive a promotion as a result of the merger?

Yes
 No

Guide to Questionnaire

Questions 1, 2, 3, and 4: Satisfaction with a Merger scale

Questions 5, 6, 7, 8, 9, and 10: Affective Commitment scale

Questions 11, 12, 13, 14, 15, and 16: Normative Commitment scale

Questions 17, 18, 19, 20, 21, and 22: Continuance Commitment scale

Questions 23, 24, and 25: Turnover Intentions scale

Questions 26, 27, 28, 29, and 30: General Pre-Merger Job Satisfaction scale (Hackman & Oldham, 1975)

Please read the following instructions before completing the survey.
I want to know your opinions about the merger; this is not a test. Please answer these questions honestly and frankly because this survey is totally anonymous. Please do not write your name anywhere on the questionnaire. Again I do not want to know how individual employees respond to the survey only how groups of employees respond.

To respond to each statement, *circle* the response that most closely matches your opinions, attitudes, feelings or perceptions. Read each statement carefully and *circle* any number from 1 to 7, where 1 means strongly disagree and 7 means strongly agree. Please indicate your level of agreement or disagreement regarding your **present organization** (Bank C) using the following rating scale:

1 Strongly Disagree	2 Disagree	3 Slightly Disagree	4 Neither Disagree Nor Agree	5 Slightly Agree	6 Agree	7 Strongly Agree
---------------------------	---------------	---------------------------	---------------------------------------	------------------------	------------	------------------------

1. All things considered, the merger between Bank A and Bank B should not have taken place 1 2 3 4 5 6 7

2. A majority of the employees have come to accept the merger between Bank A and Bank B as a good idea 1 2 3 4 5 6 7

3. There is a lot of friction between Bank A's and Bank B's employees 1 2 3 4 5 6 7

4. My organization has been strengthened by the merger between Bank A and Bank B 1 2 3 4 5 6 7

1 Strongly Disagree	2 Disagree	3 Slightly Disagree	4 Neither Disagree Nor Agree	5 Slightly Agree	6 Agree	7 Strongly Agree
---------------------------	---------------	---------------------------	---------------------------------------	------------------------	------------	------------------------

5. I would be very happy to spend the rest of my career with my present organization (Bank C) 1 2 3 4 5 6 7
6. I really feel as if my present organization's problems are my own 1 2 3 4 5 6 7
7. I do not feel like "part of the family" at my present organization 1 2 3 4 5 6 7
8. I do not feel "emotionally attached" to my present organization 1 2 3 4 5 6 7
9. My present organization has a great deal of personal meaning to me 1 2 3 4 5 6 7
10. I do not feel a strong sense of belonging to my present organization 1 2 3 4 5 6 7
11. I do not feel any obligation to remain with my current employer 1 2 3 4 5 6 7
12. Even if it were to my advantage, I do not feel it would be right to leave my present organization now 1 2 3 4 5 6 7
13. I would feel guilty if I left my organization now 1 2 3 4 5 6 7

1 Strongly Disagree	2 Disagree	3 Slightly Disagree	4 Neither Disagree Nor Agree	5 Slightly Agree	6 Agree	7 Strongly Agree
---------------------------	---------------	---------------------------	---------------------------------------	------------------------	------------	------------------------

14. My present organization deserves my loyalty 1 2 3 4 5 6 7
15. I would not leave my present organization right now because I have a sense of obligation to the people in it 1 2 3 4 5 6 7
16. I owe a great deal to my present organization 1 2 3 4 5 6 7
17. It would be very hard for me to leave my present organization right now, even if I wanted to 1 2 3 4 5 6 7
18. Too much of my life would be disrupted if I decided I want to leave this organization right now 1 2 3 4 5 6 7
19. Right now, staying with my organization is a matter of necessity as much as desire 1 2 3 4 5 6 7
20. I believe that I have too few options to consider leaving my present organization 1 2 3 4 5 6 7
21. One of the few negative consequences of leaving my present organization will be the scarcity of available alternatives 1 2 3 4 5 6 7
22. If I had not already put so much of myself into my present organization, I might consider working elsewhere 1 2 3 4 5 6 7

1 Strongly Disagree	2 Disagree	3 Slightly Disagree	4 Neither Disagree Nor Agree	5 Slightly Agree	6 Agree	7 Strongly Agree
---------------------------	---------------	---------------------------	---------------------------------------	------------------------	------------	------------------------

23. I often think about quitting this organization 1 2 3 4 5 6 7

24. I would likely search for a position with another employer 1 2 3 4 5 6 7

25. It is likely that I will leave this organization in the next year 1 2 3 4 5 6 7

For each of the following items, use the scale provided to indicate how satisfied you were with **your previous job in your previous organization**.

1 Strongly Disagree	2 Disagree	3 Slightly Disagree	4 Neither Disagree Nor Agree	5 Slightly Agree	6 Agree	7 Strongly Agree
---------------------------	---------------	---------------------------	---------------------------------------	------------------------	------------	------------------------

26. Generally speaking, I was satisfied with my previous job 1 2 3 4 5 6 7

27. I frequently thought of quitting my previous job 1 2 3 4 5 6 7

28. I was generally satisfied with the kind of work I used to do in my previous job 1 2 3 4 5 6 7

29. Most people at my previous organization were satisfied with their jobs 1 2 3 4 5 6 7

1 Strongly Disagree	2 Disagree	3 Slightly Disagree	4 Neither Disagree Nor Agree	5 Slightly Agree	6 Agree	7 Strongly Agree
---------------------------	---------------	---------------------------	---------------------------------------	------------------------	------------	------------------------

30. Most people at my previous organization often thought of quitting their jobs 1 2 3 4 5 6 7

31. Compared to my previous employer, my commitment to Bank C has increased 1 2 3 4 5 6 7

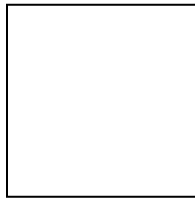
A. If your commitment has increased, please explain why

B. If your commitment has decreased, please explain why

Additional comments:

Your time and assistance is very much appreciated. Thank You!

Please place your questionnaire **completed or uncompleted** in the envelope provided, make sure that the envelope is sealed and then place it in the designated box. This is to further protect your confidentiality. I will collect the packages after your staff meeting during the week of June18. If you have any questions please feel free to contact me Ivy Kyei-Poku at 382-7143, or my supervisor, Dr. Diane Miller at 380-1845.



The number above corresponds to the number below the perforated line. It is for the random draw for your price. Please tear and keep the number below. If your number appears in your next organization's newsletter, contact me, Ivy at 382-7143.

-----Detach Here-----

