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Employee Work Attitudes Post Merger and Acquisition

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EMPLOYEE WORK ATTITUDES POST MERGER AND ACQUISITION

by

Adam B. Sorenson

Bachelor of Science, University of North Dakota, 2004

An Independent Study

Submitted to the Graduate Faculty

of the

University of North Dakota

In partial fulfillment of the requirements

for the degree of

Master of Science

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The Faculty Advisor under whom the work has been done and is hereby approved, has read this independent study, submitted by Adam Sorenson, in partial fulfillment of the requirements for the Degree of Master of Science from the University of North Dakota.

(Advisor)

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ABSTRACT

The airline industry has faced a devastating past decade with a loss of \$60 billion, and 150,000 jobs, the worst financial performance among any major industry, along with 186 bankruptcies over the last 30 years (The proposed United-Continental merger, 2010). Mergers and acquisitions have been the most recent remedy to the financial turmoil and instability. However, 70-80% of mergers fail to produce the benefits originally anticipated, often due to employee concerns (Selden & Colvin, 2003). The purpose of this research is to conduct a quantitative study on job satisfaction and organizational commitment with employees from a major airline after recently undertaking a merger.

A survey tool was created with a combination of demographic questions, a job satisfaction survey by Brayfield and Rothe (1951), and the organizational commitment questionnaire by Mowday, Porter and Steers (1979). Surveys were sent to 175 employees within an airline call center environment with 100 responses. Significant differences were found in the independent variables: age, employee classification and pre-merger employment status.

Employee problems are estimated to be responsible for one-third to one-half of all merger failures (Davey et al., 1988) Going forward, corporations need to take into account some of the inherent differences within employee work groups while involved in a merger integration. Employee considerations are just as important as financial considerations when corporations strategize the steps of a merger.

CHAPTER I

INTRODUCTION

Mergers and acquisitions (M&As) have become a lightning rod of activity within the airline industry over the past four years. Airline executives are striving to break out of the cycle of financial misfortune. Over the last ten years the U.S. airline industry has lost \$60 billion, and 150,000 jobs, the worst financial performance among any major industry, along with 186 bankruptcies over the last 30 years (The proposed United-Continental merger, 2010). Due to these monumental challenges, there have been three separate large scale U.S. airline mergers since 2008 including Delta/Northwest, United/Continental and Southwest/Airtran.

M&As have become the popular choice to combat the recent economic hardships faced by air carriers and also companies throughout other industries. According to The Economist (2011), America had the most M&As in 2010 out of all other countries. American companies were involved in 9,676 deals worth \$894.7 billion. Globally, M&A deals were worth \$2.8 trillion in 2010, up from \$2.3 trillion in 2009. Thus, one can derive that M&As remain a widely used strategy for companies in order to obtain sustainable competitive advantage against their major competitors. Cartwright and Cooper (1993) stated "Consequently, rather than increased profits, M&As have come to be associated with lowered morale, job dissatisfaction, unproductive behavior, acts of sabotage and petty theft, increased labor turnover and absenteeism rates, and worsening strike and accident rates." (p. 52). Thus, to create a successful merger there must be considerable attention geared towards employee interests. Cartwright and Cooper (1996) present evidence suggesting no more than 50% of M&As achieve their originally set

goals and standards of success as anticipated. Employee issues are largely dismissed when negotiating M&As at the expense of financial aspects and this has been identified as an important factor in merger failure. Other research shows a more discouraging statistic. Selden and Colvin (2003) have stated that 70%-80% of acquisitions fail, meaning that they create no wealth for the shareholders of the acquiring company. More often than not, they destroy wealth. Due to the substantial rate of merger failures, the academic literature of the last decade has made a distinction between merger potential/planned synergies and synergy realization; “while ostensibly presented as a strategy for wealth creation, many organizational marriages fail to realize the potential synergism anticipated by the marriage brokers” (Cartwright & Cooper, 1993, p. 328).

To the employee, a M&A represents change. Human nature tends to resist change (Davey et al., 1988). Expectations around this change are often vague and driven by rumors. Rumors tend to start without accurate knowledge of what to expect. Employees fill in those gaps with their perceptions. If the perception is that the merger will affect the employee negatively, they are likely to display nonproductive tendencies. Job insecurity is often a likely feeling, and generally for good reason because labor reduction frequently occurs after a M&A. If an employee does not have the necessary skills to attain another job, they will most likely psychologically withdraw from the job. That has the potential to decrease organizational commitment, reduce job performance, decrease job satisfaction, and increase intentions to quit (Davey et al., 1988). Research by Ashford, Bobko, and Lee (1989) found similar results. Their findings found that job insecurity led to the following reactions: intentions to quit, reduced commitment, and reduced satisfaction. Their recommendations to combat this insecurity were to stress the importance of information. Positive and benign information can reestablish a person’s sense of control and predictability. Job insecurity is a likely driver of stress in the workplace. The human and financial cost of occupational stress amounts to over 10% of the U.S. gross national product, with this

figure including the cost spent each year in coping with the manifestations of job-generated stress (Cartwright & Cooper, 1996).

“Successfully managing employee attitudes and performance during an acquisition integration is vital because employees can choose to: leave the firm or remain, hold onto critical operational knowledge or share it, and raise their productivity level or become distracted by disruptions.” (Keller & Nemanich, 2007, p. 52). Employee resistance to the change associated with a M&A or uncertainty about job responsibilities can reduce job performance at a critical time. The more the members of the post-merger organization feel like being a part of the combined group, the more they can identify with the new organization. Social identity research on M&As has determined that identification with the post-merger organization is directly related to higher job satisfaction, more extra-role behavior, and lower turnover and absenteeism (Dick, Lemmer & Wagner, 2004).

Purpose of the Study

The airline industry continues to be plagued by conditions that are generally outside of their control. Fuel costs continue to be at historically high levels, geopolitical events are happening on an unfortunate consistent basis and the global recession drags on. In this highly competitive and deregulated industry, M&As are thought to be the possible cure. No deal, though, can be consummated without detailed attention to labor relations. An estimate by Davey et al. (1988) blames employee problems as being responsible for one-third to one-half of all merger failures.

The purpose of this study is to conduct quantitative research on job satisfaction and organizational commitment among employees of a major airline after undertaking a merger. Both job satisfaction and organizational commitment are important indicators of a successful and happy employee. Thus, the end result will provide a higher level of customer service and greater return on investment for the shareholders. Therefore, the underlying causes of employee satisfaction need to be

studied carefully because their understanding has the potential of improving merger planning and outcomes. The effects of a M&A event on frontline employee has been researched extensively in the past (Creasey et al. 2009; Donald & Lotz, 2006; Denisi & Schweiger, 1991), however, there has been very little research within the airline industry specifically. This paper will expand previous research by looking into an airline which is a high customer service, and labor intensive transportation industry.

Significance of the Study

Labor problems are so impactful to a customer service industry, especially in the airlines; they can make or break a merger transaction. In 2009, a potential merger between Southwest and Frontier broke off due to the inability of the pilots' union of the respective carriers to come to a transition agreement (Schrader, 2009). This is just one example of many where if a company doesn't place important consideration to labor morale, employee issues can mitigate or eliminate any potential merger financial gains. This study will provide further evidence on the impact of a merger among the employees. The airline industry is heavily customer service oriented, so much that negative employee-customer interactions can be detrimental to the business. Competition within the airline industry is so great that in most occasions a customer has multiple options to choose from when selecting which carrier to purchase a ticket. That is why importance needs to be placed on ensuring high employee morale.

The aviation industry is too important to the nation's economic prosperity to have a merger disaster created by labor unrest. In 2007, the U.S. passenger airline industry had operating revenues of nearly \$172 billion, equivalent to over 1% of the U.S. gross domestic product. The industry serves as an important engine for economic growth and a critical link in the nation's transportation infrastructure, carrying over 700 million passengers in 2007 (U.S. GAO, 2008).

Research Questions

The following questions were posed as part of this research:

1. Are there varying degrees of job satisfaction and organizational commitment among different groups of employees employed by the acquiring airline, acquired airline and management level of employees?
2. Is there a difference in job satisfaction and organizational commitment based on years of service or age among airline employees?
3. Does gender play a role in determining job satisfaction and organizational commitment?

LITERATURE REVIEW

Negative Work Attitudes with M&As

M&As are highly emotive and destabilizing change events. Marks (1987) suggested that they differ from other major organizational change in three respects: the rate of change, scale of change, and the critical mass of the unknown that they represent. They can create a high degree of stress and uncertainty and can lead to lowered morale, job dissatisfaction, unproductive behavior, acts of sabotage, increased staff turnover, and higher absenteeism rates. "M&As have become more often associated with lowered morale, job dissatisfaction, unproductive behavior, increased turnover and absenteeism, rather than with increased financial performance as expected" (Moran & Panasian, 2005, p. 3). Buono and Bowditch (1989) found that negative employee reactions to a M&A may lead to lower levels of job security, satisfaction and less favorable attitudes toward management. As Nemanich and Keller (2007, p. 49) stated: "unless managed successfully, these employee level outcomes can manifest

themselves at the firm level as an exodus of talent, tardiness, absenteeism, lower productivity, reduced customer satisfaction, less innovation and ultimately reduced economic benefits...” These negative employee reactions are believed to be at least partially responsible for an unsuccessful M&A. So the question must be why do merger activities result in negative employee discontent? Moran and Panasian (2005) found two reasons why this occurs: first mergers are a source of tremendous change for the organization, and change, in any degree is likely to be a source of stress for the employee. Stress is widely researched as a cause for increased job dissatisfaction and then associated with the resulting outcomes of increased turnover, absenteeism, and reduced job performance. Stress often distorts communication at a time when the demand for information is at its highest. Secondly, the main source of stress in the M&A is the uncertainty surrounding the organizational and personnel changes that follow them. Employees are prone to reach for the most pessimistic information, regardless of the validity of the source (Donald & Lotz, 2004). Quite often, it is these uncertainties and unknowns that are more stressful to the employees rather than the actual changes themselves.

The Uncertainty Factor

Uncertainty can be a significant source of psychological strain during a M&A. The surrounding events might be perceived to be so complex and difficult that employees can't formulate a logical explanation of what is actually occurring. The uncertainty factor that is experienced due to a M&A has been given considerable attention in the research community. Denisi and Schweiger (1991) designed a study to measure empirically if M&As do lead to uncertainty and to assess the dysfunctional outcomes associated with it. The study was a longitudinal field experiment designed to provide a clear picture of the effects over time of M&As on individual employees. The data was collected in two separate manufacturing plants that were in the process of a merger. One plant was a control group in which the merger would be handled by local management on a traditional basis and the other experimental plant

would involve a communications program called a realistic merger preview. An employee survey was administered at four different points: before the impending merger was announced; following the announcement of the merger; three days after the introduction of the merger preview; and four months later. The main hypothesis that they were testing was if the announcement of the merger resulted in increased uncertainty, stress, absenteeism and turnover, and a decrease in their job satisfaction, commitment, intentions to stay with the organization, self-rated performance, and perceptions of the organization's trustworthiness, honesty and caring. The results were formed using subsequent univariate tests (ANOVA) and indicated significant increases in global stress, perceived uncertainty, and absenteeism; significant declines in job satisfaction, commitment and perceptions of the company's trustworthiness, honesty and caring; and no significant changes in self-reported performance. The experimental plant, with the high degree of merger related communications displayed less uncertainty and higher job satisfaction.

Additional relevant research by Davy et al. (1998) involved a longitudinal field study in a large firm trying to analyze the direct impact of a M&A on employee's attitudes, performance and behavioral intentions over time. Survey questionnaires were sent to 216 employees on two separate occasions: less than a month after the completion of the merger and the second one three months later. The empirical data suggested that employees' attitudes and intentions to leave or be absent deteriorate over time. The feelings of job insecurity and uncertainty significantly increased. Also, organizational commitment significantly decreased, while intentions to leave and be absent increased. As organizational commitment decreases, employees tend to look for new jobs, which distract them from their current work. This could be why during the three month period between surveys; respondents reported that their performance was lower than in all their years of service. There is a direct correlation between organizational commitment and job satisfaction to work performance.

Different Behaviors Based on Status

While employees in different jobs may interpret organizational change differently, it is also possible that employees at different job levels will react differently to M&A activities (Greenberg, 1995). While all employees, regardless of job level, may be concerned about their job security during a M&A, employees at different hierarchical levels may have varying interpretations of the M&A due to their differing degrees of power prior to the M&A. Employees with characteristics associated with greater job mobility (for example, higher levels of education, more years until retirement, and more work experience) tend to hold more favorable attitudes towards mergers (Covin et al., 1996). Research by Donald and Lotz (2006) was aimed to statistically analyze if employees at different job levels experience different perceived sources of stress and levels of communication satisfaction. Questionnaires were distributed to all levels of employees (N=105) at an insurance company which was in the process of being acquired. The results of the study indicated that there were no differences between managers, supervisors, and lower-level employees in the quantity or type of stress experienced and satisfaction with communication. These findings were counter to previous research which indicated that employees at different levels of the organizational hierarchy perceive and interpret organizational occurrences differently. The researcher noted that "It is possible that the acquisition in this study brought management and employees closer together and that the common enemy then became the acquirer against whom all could rally in a unified manner." (p. 7). Employees in acquired organizations tend to be suspicious of the new owners and constantly scan their communication for signs of being deceived.

Not only do employees in different jobs interpret organizational change differently, but also pre-merger and post-merger employees have varying degrees of satisfaction. Research by Pasha (2010) studied the impact of a bank merger on the employees involved. 50 employees were administered a questionnaire to study any such impact of the merger on motivation, satisfaction and performance. Out

of those 50 employees, 28 were employed before the merger took place and 22 joined the bank after the merger. The findings of the study showed that pre-merger employees were more satisfied statistically than post-merger employees. With both motivation and performance there was no notable difference among the pre-merger and post-merger work groups.

The type of M&A event also has implications on the effects on workers. Research by DelVecchio, Fairfied-Sonn, and Ogilvie (2002) studied long-term impacts of a merger on the employees. 2,075 surveys were sent to three different classifications of a merger including a friendly merger, hostile acquisition and a control group. The study revealed that post-merger attitudes of employees in the friendly merger group had higher job satisfaction and organizational commitment than the hostile and control groups. For this result might be obvious to some, past research had concluded that all M&A activity was disruptive to employees. This study showed that friendly mergers may carry with it fewer negative consequences than a hostile merger. These findings offer a sign of encouragement and promise to merger advocates, especially in cases of a friendly merger where organizations work collectively to join forces.

Work Attitudes

There are two dependent variables that were selected for this research study. Both job satisfaction and organizational commitment were chosen due to past research that has documented that these two variables correlate with key organizational objectives including absenteeism, turnover and work performance. These objectives have the capability to impact organizational effectiveness and financial success.

Job Satisfaction

Job satisfaction has been defined as the level to which a person or employee has a positive affective attitude or orientation toward their job, these feelings being directed toward the job in general or toward facets of it (Hulin, Kendall & Smith, 1969). Due to the heavy demands placed on employees engaged in M&A integration, job satisfaction is important in maintaining positive employee performance and morale during difficult times.

Researchers Nemanich and Keller (2007) conducted a field study of employees involved in a major acquisition integration to address the relationships that leadership and climate had with subordinate acquisition acceptance, performance, and job satisfaction in an uncertain environment. Data was crafted using an employee questionnaire and a supervisory performance rating form five months after the acquisition occurred. The results suggested that transformational leadership has a direct relationship with job satisfaction. The authors hypothesize that this is done by creating a climate of goal clarity and by creating a climate receptive of new ideas during uncertain and changing times. Other transformational leadership behaviors that directly influence job satisfaction include idealized influence, inspirational motivation, individualized consideration and intellectual stimulation. All of these traits were found to positively correlate to job satisfaction.

Another study by Dick, Lemmer and Wagner (2004) showed additional factors that influence job satisfaction. A questionnaire was conducted with 459 employees of two merging hospitals with similar size. Results of the study indicated that employees who had identification with the pre-merger subunit and with the post-merger organization were positively correlated with higher job satisfaction. To the contrary, the lowest levels of job satisfaction were found with employees with weak identification with both pre and post-merger organizations. The authors theorized:

The associations between identification and work-related attitudes demonstrate that those individuals who keep parts of their social identification with the former, pre-merger subunit, and who also develop bonds to the new, post-merger organization survive the change process best and have the lowest negative emotions and the most positive job satisfaction levels. (Dick, Lemmer & Wagner, 2004, p. 133)

Brayfield and Rothe (1951) developed a survey to measure job satisfaction quantitatively. The scale was created by a combination of previously used scales including the Thurstone scale and Likert scoring system. Evidence for high reliability of the measurement rests upon the nature of the items, the method of construction, and its differentiating power when applied to two groups which could reasonably be assumed to differ in job satisfaction. The authors theorized that the effectiveness of selection, training, and supervisory programs should be gauged by the effect on employees' satisfaction with their work. An example question to this survey is: "I feel real enjoyment in my work". This job satisfaction index survey has been used by multiple authors as the primary data instrument (Buono & Bowditch, 1989; DelVecchio, Fairfield-Sonn & Ogilvie, 2002).

Organizational Commitment

Mowday, Porter, and Steers (1982) define organizational commitment as "the relative strength of an individual's identification with and involvement in a particular organization. Conceptually, it can be characterized by at least three factors: (a) a strong belief in and acceptance of the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization" (p. 27). Organizational commitment is much more than passive loyalty to a company. It also involves an active relationship with the company such that employees are willing to give something extra of themselves in order to contribute to the company's well being. The success of the company is just as important to the person as success for the

individual employee. The commitment emphasizes attachment to the company, including its goals and values. A common theme with organizational commitment is a notion of exchange (Mowday, Porter & Steers, 1982). Employees come to work with certain needs, desires, and skills and expect to find a work environment where they can use these abilities and satisfy their basic needs. Organizational commitment increases when the company provides for these certain needs. However, when the organization is not dependable or fails to provide employees with challenging and important tasks, commitment levels reduce.

Organizational commitment was assessed using the 9-item short version of the Organizational Commitment Questionnaire (OCQ) (Mowday, Porter & Steers, 1979). The OCQ studies possible feelings that a person has about the organization for which they work and is measured on a 5-point likert scale ranging from strongly disagree to strongly agree. An example question to this survey is: "I am willing to put in a great deal of effort beyond that expected in order to help this organization be successful."

To test for validity and reliability of the OCQ test, Mowday, Porter and Steers (1979) administered this questionnaire to 2,563 employees working in a wide variety of jobs in nine different work organizations. This broadly detailed study found statistical data to prove a valid and legitimate organizational commitment test. In order to examine the stability of the OCQ over time, test-retest reliabilities were computed over multiple periods of time and showed favorable results. The OCQ was also found to be strongly related to employee's own estimates of how long they would remain with the organization. Finally, the predictive power of the OCQ was tested to measure the actual inverse relationship between commitment and employee turnover or absenteeism. Multiple past studies have used the OCQ test in their own research to test for organizational commitment (Ashford, Bobko & Lee, 1989; Bennett, Linde, & Settoon, 1996; DelVecchio, Fairfield & Ogilvie, 2002).

CHAPTER II

METHODOLOGY

The research will be conducted utilizing employees of two major U.S. airlines that underwent a friendly merger that was initially approved in 2008. Due to regulatory hurdles required to integrate the two separate airlines, full legal implementation of the merger did not take place until the end of 2009. Data collected for this paper will take a look at short-term impacts that a merger has on its employees including job satisfaction and organizational commitment. Labor acceptance of a merger is a vital step in achieving the anticipated revenue and operational synergies. Without labor buy-in, a merger faces many potential problems including a lack of productivity, employee turnover, and diminishment of high customer service.

Sample

Respondents for this study are all located at a Midwest call center operation. This office consists of a workgroup that is approximately 80% from the pre-merger acquired airline. Only 20% of the employees come from the larger, acquiring airline. The combined workforce includes approximately 180 total employees. The job duties for these employees consist of airline reservation functions including taking phone calls to book reservations or for service requests. Both frontline employees and management level employees are included in the sample size. Frontline employees consist of hourly paid employees who directly work with customers or ramp operations. Management level employees consist of merit employees who manage and lead the frontline employees.

Demographics

To examine specific influences on job satisfaction and organizational commitment, this research study will statistically analyze the following independent variables: age, gender, and pre-merger status. These variables were selected because each of them can potentially have a significant effect on work attitudes. The years of service variable will be computed based on how many years the employee has worked at the combined airline. The ranges will be 0 – 10 years of service are considered “junior” employees and 11 years of service and greater are considered “senior” employees. This will help address whether or not more junior or senior employees have a factor in differing work attitudes. The gender variable will determine if being a male or female play a significant role to varying degrees of job satisfaction and organizational commitment. The pre-merger employment status will be computed based on if the employee was originally employed by the acquired airline or the acquiring airline. This research will once again analyze another factor that could influence work attitudes.

Figure 1. Independent variables.

<u>Independent Variable</u>	<u>Available Responses</u>				
Gender	Male		Female		
Age	18-24	25-31	32-38	39-45	46+
Seniority	0-5 years		6-10 years		11+ years
Pre-merger status	acquired airline			acquiring airline	
Employee classification	Frontline			Management	

Methods and Data Collection

To collect data for this study, emails containing a link to an electronic survey were sent to all individuals included in the sample size. The electronic survey was administered by an online survey tool.

The email contained simple instructions on how to complete the survey. To protect the anonymity, all respondents are clearly advised that names are not associated with the completed surveys. In addition, the instructions state that the survey is for educational research only, and that the airline is not involved with the research project in any way. The results will be shared with the airline, but only for informational and improvement purposes. To increase participation a reminder email was sent one week after the original email. Also, in an effort to improve familiarization and acceptance to this survey, operational leaders briefed frontline employees to encourage participation and inform employees that it is ok to complete the survey during work time. Upon completion of the survey response period, the results were downloaded onto a secure (password protected) laptop. Data was converted into Microsoft excel format for further analysis.

The dependent measures used in this research were job satisfaction and organizational commitment. Job satisfaction was measured using four questions from the job satisfaction questionnaire of Brayfield and Rothe (1951) by using the same 5-point Likert type scale format. Organizational commitment was measured using nine questions from the short version of the Organizational Commitment questionnaire of Mowday, Porter and Steers (1979) by using the same 5-point Likert type scale format.

Data Analysis

The research questions were tested with data collected from the questionnaire and analyzed with SPSS statistical software. A t-test was used to test the means among the two different groups including gender, pre-merger status, job classification, and seniority. Both job satisfaction and organizational commitment were computed separately. The t-test was chosen as the appropriate statistical test due to the ability to compare two different means for significance.

Protection of Human Subjects

This research study, including all survey questions and methodology, has been reviewed and approved by the University of North Dakota's Institutional Review Board (IRB). There are no immediate or future concerns of risk to the respondents in this survey. Respondents were informed that the survey was completely voluntary, they may answer questions only that they feel comfortable with, and participants may discontinue the survey at any time. The participants completed the survey anonymously. After three years, all data will be destroyed to ensure confidentiality.

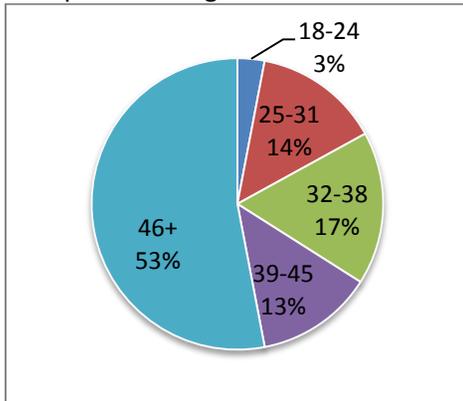
CHAPTER III

RESULTS

Demographics

One hundred employees (N=100) responded to the survey. The return rate of the completed surveys among the entire office population was 56%. Twenty employees (20%) were male and eighty employees (80%) were female. The age range of respondents were as follows: 3 within the 18-24 age bracket, 14 within 25-31, 17 within 32-38, 13 within 39-45 and 53 within the 45+ age bracket.

Figure 2. Respondent's age.



The seniority question in the survey originally had three options to choose from: 0-5 years, 6-10 years and 10+ years. Since there were only 2 respondents within the 6-10 years of service category, for the data analysis that was combined with the 10+ years of service category. There were seventy seven respondents (77%) within 0-5 years of service and twenty three respondents (23%) within 6+ years of service.

Out of the one hundred respondents, eighty nine (89%) began their career with the acquired airline, and eleven (11%) began their career with the acquiring airline. The reason for this large discrepancy between the acquiring airline and the acquired airline sets of employees is because this call

center originally was operated by the acquired airline. It wasn't until approximately one year after the merger that the call center began to hire employees under the acquiring airline policies.

The last demographic question revolved around the classification of employee, either frontline or management. Ninety three respondents (93%) were a frontline employee classification, and six respondents (6%) were within the management employee classification. The management population had a 100% participation rate with all six managers in the call center returning a survey.

Analysis

Both dependent variables, job satisfaction and organizational commitment, were analyzed separately against the independent variables. A *t*-test was conducted to determine if there was a significant difference found between gender and each individual job satisfaction and organizational commitment survey question. No significance was found in the results.

To test for significance among the five different employee age groups an analysis of variance (ANOVA) was performed. Two different questions showed significance with the ANOVA test. One question came from the organizational commitment survey and one came from the job satisfaction survey. The survey was designed with 1 for strongly agree and 5 for strongly disagree. Therefore, when looking at the mean for each age group, the lower the number signifies the more the respondent agrees with the statement.

Table 1. Age group dependent variable.

Survey Question	Age group	N	Mean	Std. Deviation	F	Sig.
This organization really inspires the very best in me in the way of job performance.	18-24	3	1.33	.58	2.63	.04
	25-31	14	1.86	.95		
	32-38	17	2.41	1.33		
	39-45	13	3.00	1.53		
	46+	53	2.13	.98		
My job is usually interesting enough to keep me from getting bored.	18-24	3	2.67	2.08	4.86	.00
	25-31	14	2.93	1.77		
	32-38	17	1.82	.81		
	39-45	13	2.92	1.44		
	46+	51	1.76	.91		

Due to significance being found within the means of the two questions, a post hoc test was performed for additional exploration of the differences among the means to find which means are significant from each other. A Tukey HSD test found no significant difference among the means with the organizational commitment question “This organization really inspires the very best in me in the way of job performance”. The Tukey HSD test did find significance with the job satisfaction question “My job is usually interesting enough to keep me from getting bored”. Table 2 listed below compares the age group 46+ against each other age range to determine where signification was found. There was a significant difference between the age group 46+ and the following two age groups: 25-31 and 39-45.

Table 2. Age range.

Survey Question	What is your age? (I)	What is your age?(J)	Mean Difference (I-J)	Sig.
My job is usually interesting enough to keep me from getting bored.	46+	18-24	-.91	.69
		25-31	-1.16	.01
		32-38	-.06	1.00
		39-45	-1.16	.02

The next independent variable, seniority, did show minor differences between the two ranges of 0-5 years of service and 6+ years of service. However, after conducting the *t*-test there was no significance found in the mean differences.

The independent variable of what carrier did the employee originally work for, the acquiring airline or the acquired airline, did produce a significant difference with one of the questions asked. Levene’s test for equality of variances revealed that it cannot be assumed that the variances are equal ($p=.04$). The question “I am proud to tell others that I am part of this organization”, came from the organizational commitment survey. The *t*-test result with equal variances not assumed revealed significance.

Table 3. Pre-merger carrier.

Survey Question	Pre-merger Carrier	N	Mean	Std. Deviation	Sig. (2-tailed)
I am proud to tell others that I am part of this organization.	Acquired Airline	89	1.66	1.01	.04
	Acquiring Airline	11	1.27	.47	

The final independent variable in the survey was the employee classification, either frontline or management. Due to the extreme difference among submitted surveys for frontline (93) and management (6) a Levene’s test for equality of variances was conducted. The test revealed that it cannot be assumed that the variances are equal for six different survey questions. A *t*-test later determined that five questions did produce significantly different means. In all five questions the mean number for management was significantly lower than it was for the frontline mean. This means that management had a higher degree of agreement with the three organizational commitment and two job satisfaction survey questions than the frontline employees.

Table 4. Employee Classification.

Survey Question	Employee Classification	N	Mean	Std. Deviation	Sig. (2-tailed)
I find that my values and the organization's values are very similar	Frontline	92	2.16	1.20	.00
	Management	6	1.17	.41	
I am proud to tell others that I am part of this organization.	Frontline	93	1.66	.99	.00
	Management	6	1.00	.00	
I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.	Frontline	93	1.82	.97	.01
	Management	6	1.17	.41	
I feel real enjoyment with my work.	Frontline	93	2.28	1.18	.00
	Management	6	1.17	.41	
I like my job better than the average worker does.	Frontline	93	2.19	1.18	.03
	Management	6	1.17	.41	

CHAPTER IV

CONCLUSIONS

Discussion

The survey produced a large sample size due to the high rate of participation, 56%. This gave the survey more validity since the entire office size was relatively small to begin with. Through both *t*-tests and ANOVA tests the data was analyzed for statistical significance. Each independent variable was measured separately to determine if it did influence or affect the two different dependent variables. No statistical significance was found with the independent variables gender and seniority. No link found between gender and job satisfaction and/or organizational commitment is consistent with past research. Researchers Darcy and Lester (1995) used the Brayfield and Rothe (1951) job satisfaction survey to determine the difference in job satisfaction with school teachers and casino workers. This study also revealed no significant difference in gender and the number of years worked for the company. Athanasoula and Menon (2011) conducted a questionnaire with secondary school teachers to determine a relationship between gender and job satisfaction. The differences between men and women were not significant. However, seniority did play a role in job satisfaction in this research study which revealed that more seasoned teachers had a higher degree of job satisfaction than junior teachers.

Significance was found with the independent variable age and the dependent variable job satisfaction. The age bracket 46+ was significantly lower than both the range of 25-31 and 39-45. This revealed that older employees enjoy their jobs to a greater degree than younger employees. The

difference in the means for those two age brackets was actually a rather high 1.16 in this survey that scored from 1 – 6. These results are consistent with a previous research study by Bos, Donders, Bouwman and Van der Gilden (2009). This study investigated the determinants of job satisfaction among employees in different age groups. Within the data they found a significant positive correlation between age and job satisfaction, indicating that job satisfaction increases with age. The youngest workers actually had the lowest job satisfaction scores.

The next independent variable, pre-merger employment status, produced significant results with the organizational survey question. The acquiring airline employees had a mean score of 1.27 compared to the employees from the acquired airline with a 1.66. The standard deviation was also much greater for the acquired airline employees. This signifies that the organizational commitment is stronger with the surviving carrier's employees than the carrier that loses their identity. There could be many reasons why this might occur. Human nature is generally resistant to change because the expectation around this change is often vague and driven by rumors (Davey et al., 1988). Job concern and insecurity is often felt by employees within a merger. The acquired employees have more reason to be concerned due to their company identity being removed, widespread rumors of job loss, and fear of the unknown. Labor reduction frequently occurs after a M&A, which is usually the cause of the job insecurity. These negative employee perceptions are likely to result in nonproductive work tendencies. The acquiring airline employees might also experience some of these concerns, but not to the degree of the acquired employees (Davey et al., 1988).

The final independent variable was the employee classification, frontline or management. This variable displayed significantly different results after performing the *t*-tests. A total of five questions from both the organizational commitment and job satisfaction survey showed that management employees were more satisfied with their job and committed to the company. Past research is mixed on

this differing of work attitude within different employee classifications. Greenberg (1995) noted that it is possible that employees at different job levels will react differently to M&A activities. Employees at different hierarchical levels may have varying interpretations of the M&A due to their differing degrees of power prior to the M&A. Since management employees held a higher level of power than frontline, it could explain why their job satisfaction and organizational commitment are higher. However, Donald and Lotz (2006) conducted a study with questionnaires to all levels of employees at an insurance company prior to being acquired within a merger. The results of the study revealed that there were no differences between managers, supervisors, and lower-level employees in the quantity or type of stress experienced and job satisfaction.

Recommendations

M&As can bring prosperity and stability to a company. In many occasions a bankruptcy or liquidation would be the only option without the benefits of an M&A. However, along with the great potential, there are many downfalls that could erase any positive gain of an M&A. Employees must be strongly considered before undertaking a merger. This research study has revealed some of the differences in demographics that executives and HR professionals need to consider. There needs to be a plan in place to counteract some of these potential weaknesses. The results showed that the age of an employee can be a factor of their work attitudes. There are several action plans that can be put in place to support younger and middle-aged employees to keep their morale high and productivity strong. Communication needs to be clear, concise and consistent throughout the M&A and afterwards, too. Since all age groups of employees have a preference in communication style, use different communication tactics to try and reach all employees such as face-to-face, email, memos, small group meetings, town hall type settings, and recordings. This should ensure that a consistent message is reaching all age groups of employees.

Another noted weak point discovered within the research study that corporations need to be aware of is the greater difficulty the acquired employees have with organizational commitment. It is understandable that this feeling does exist; nonetheless, it needs to be addressed with corrective actions. One solution to this problem is to adhere with cross-pollination of the two work groups early on in the process. The blending of the separate employee work groups will help promote a unified workforce. This will minimize rumors, distrust of the other side, and assist with creating good business relationships. This tactic will also assist with the acquired employees to commit to the new organization. With good communication and an honest and steady flow of feedback both ways, trust and respect will begin to build.

The higher level of job satisfaction and organizational commitment within management employees compared to frontline employees is slightly more difficult to counteract as a corporation. Some of the inherent differences between the two groups will always remain such as the higher rate of pay and more perceived power with the management group. One possible solution to help blur the line between these two work groups so that all employees within the company have good work attitudes is by creating employee involvement groups. This will allow frontline employees the ability to work together to solve problems within their work environment and improve their quality of work life. When an employee is involved in the decision making process it creates more ownership to solve the problem. The closer that frontline employees are allowed to work together with management, the greater the possibility of improved work attitudes amongst the frontline.

Study Limitations

The main limitation to this study was that there was no work attitude baseline to compare the post merger job satisfaction and organizational commitment to. In an ideal research environment this survey would have been administered to the same employees before the M&A occurred. Then the

survey could have been taken again at several different intervals throughout the merger process and then one approximately one year after the completion of the merger. If the same employees could have been used in the study for each time interval of the survey, then that would give much more data on the cause and effect the M&A had on the employees. Another limitation was the relatively small sample size. Only one call center was used for this study with 100 respondents. The division as a whole has over 4,000 employees. By widening the survey to additional call centers, there would be more powerful results. Also, certain geographic differences could also be found with call centers located in various parts of the U.S. and the world.

An additional limitation was that this study did not analyze employee personnel records to determine the actual turnover numbers amongst the various employees. If a certain demographic of employee showed a significantly higher amount of employees who left the company that would deliver valuable conclusions that could have aided in the results of the study.

Future Research

There is ample opportunity to expand this current research study, along with building on the work of past studies. Research on employee work attitudes within the aviation community has been almost nonexistent. This research study was conducted using only one small work group within an airline. The next step would be to expand this study into other call centers within the airline. Other call centers in different geographic parts of the world might have different levels of employee satisfaction. If one call center is significantly different than the others, that might portray what needs to change or improve at a particular call center.

Future research can study different employee classifications such as airport employees, flight attendants, pilots, headquarter employees, and mechanics. Each of those work groups could produce different results that senior leaders of a company need to be aware of. Another interesting variable to

add would be to compare different airlines employees. It would be appropriate to compare and contrast like airlines such as legacy airlines, or different types of airlines such as a legacy airline compared to a low-cost carrier.

Another exciting approach to study the effects of mergers with the employees would be to do a longitudinal type study to see what effect the merger has on employees over the course of one month, one year and even ten years afterwards. There's the potential for a poorly planned merger to have long lasting and devastating effects on employees.

APPENDIX

Survey

1. What is your Gender?
 - a) Male
 - b) Female
2. What is your age?
 - a) 18 – 24
 - b) 25-31
 - c) 32 – 38
 - d) 39 – 45
 - e) 46+
3. How long have you been working at the combined NW/DL?
 - a) 0 – 5 years
 - b) 5 – 10 years
 - c) 10+ years
4. Which company did you begin your career with?
 - a) Northwest
 - b) Delta
5. What classification of employee are you today?
 - a) Frontline/supervisor
 - b) Management
6. I am willing to put in a great deal of effort beyond what is normally expected in order to help this organization be successful.
 - a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
7. I would accept almost any type of job assignment in order to keep working for this organization.
 - a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree

- e) Strongly disagree
 - f) Don't know
8. I find that my values and the organization's values are very similar.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
9. I am proud to tell others that I am part of this organization.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
10. This organization really inspires the very best in me in the way of job performance.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
11. I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly Disagree
 - f) Don't know
12. I really care about the future of this organization.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
13. For me this is the best of all possible organizations for which to work.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree

- d) Disagree
 - e) Strongly disagree
 - f) Don't know
14. I feel real enjoyment with my work.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
15. I like my job better than the average worker does.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
16. Most days I am enthusiastic about my work.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know
17. My job is usually interesting enough to keep me from getting bored.
- a) Strongly agree
 - b) Agree
 - c) Neither agree or disagree
 - d) Disagree
 - e) Strongly disagree
 - f) Don't know

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