

## WORK IN PROGRESS REPORT

# "Small but Mighty": Conditions for Prototypicality Claims Within Low-Status Merger Partners

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Mergers and acquisitions often exhibit asymmetric group structure and dynamics. Minority (low-status) merger partners frequently perceive themselves as less prototypical of the new organisation, potentially hindering corporate development. This research examines three variables – morality, indispensability, and merger patterns, which may influence prototypicality perceptions in minority merger partners. In respective online-based surveys, each of the variables is experimentally manipulated via scenarios and perceptions of relative ingroup prototypicality and indicators of merger support are measured as dependent variables. Ultimately, the aim of the studies is to give an insight into minority perceptions and suggest better practices for human resource management.

**Keywords:** minority; prototypicality; morality; indispensability; merger patterns

*"Small but mighty": Conditions for prototypicality claims in pre-merged minority organisations.*

### Editor's Note

This work in progress report (WiP) was developed by the 2014–2015 cohort of the Junior Researcher Programme (JRP), a service supported by the European Federation of Psychology Students' Associations (EFPSA). During the course of the JRP calendar, the six research groups that are initiated via the European Summer School submit the WiPs of their research to the *Journal of European Psychology Students (JEPS)*. The WiPs are short methodology papers that outline steps undertaken by research groups in developing and carrying out a research project in the context of low-resource, independent, student-driven, cross-cultural research. The WiPs are submitted prior to project completion to enable the authors to improve their

research according to the comments resulting from the peer-review process. WiPs also support the dissemination of methods used by student-driven, independent research projects, with the hope of informing others carrying out such work.

The 2014–2015 cohort was inducted into the JRP at the European Summer School 2014, held in Vorarlberg, Austria.

### Background

Intergroup relations largely influence the success of a corporate merger and/or acquisition (M&A) (Giessner, Ullrich, & van Dick, 2012). Merger partners often have asymmetrical group relations (majority vs. minority status), and minorities may perceive themselves as inferior (e.g., Butera & Levine, 2009), constraining their influence. Identification with the post-merger organisation is vital for ensuring employee cooperation (Richter, West, van Dick, & Dawson, 2006). Thus, this research aims to examine factors that promote representativeness of the low-status minority merger partner in such asymmetric environments, because it is very important for post-merger identification that employees perceive identity continuity in the post-merged organisation (van Knippenberg, van Knippenberg, Monden, & Lima, 2002).

Conditions for minority merger partners to perceive themselves as prototypical (i.e., representative) of the post-merger organisation will be tested, applying the Ingroup Projection Model (Wenzel, Mummendey, & Waldzus, 2007). Ingroup projection occurs when two or more groups compare themselves within a common superordinate category (SC). The model describes a tendency to generalise ingroup attributes onto the overall SC

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(Wenzel et al., 2007), making the ingroup perceive itself as more prototypical of the SC than the outgroup. In minorities, reality constraints (Yzerbyt & Corneille, 2005) such as relative group status or size, make ingroup projection less likely (Waldzus, Mummendey, & Wenzel, 2005). However, research suggests other factors allow minorities to claim prototypicality, whilst acknowledging low relative status (Rosa, 2011). The present paper examines some of these factors, contributing to a social identity approach to organisational behaviour (Haslam, 2012).

Minority merger partner members might self-rate as low in status-related dimensions (e.g., agency); yet use other dimensions to positively self-evaluate (Jost & Elsbach, 2001). Morality, (“principles concerning the distinction between right and wrong” (Oxford American dictionary)), is a key factor for a positive evaluation in status improvement: Minorities consider it more important to be moral than competent or sociable (Ellemers, Pagliaro, & Barreto, 2014). Therefore, it is proposed as a cue for projection within a low-status merger partner.

The second factor is functional indispensability (i.e., instrumentality of group’s contribution to a superordinate goal; Guerra, António, Deegan, & Gaertner, 2013). By merging, majorities expand their business by getting access to different clients and/or providing more services. This promotes perceived functional indispensability in the minority merger partner, possibly increasing their relative ingroup prototypicality within the SC.

The final factor to be tested is merger patterns. Mergers may follow four different patterns varying in the degree of assimilation vs. inclusiveness (assimilation, integration-proportionality, integration-equality and transformation), with important consequences for merger support (Giessner et al., 2012). Previous research showed similar merger pattern preferences for assimilation and integration-proportionality and similar preferences for integration-equality and transformation (Giessner, Viki, Otten, Terry, & Tauber, 2006), which justifies the use of just two experimental conditions in the current research: integration-equality (same status within the new company and equal pre-merger identity kept) vs. integration-proportionality (part of culture/identity kept, depending on pre-merged status).

In sum, it is hypothesised that minority merger partners will increase relative ingroup prototypicality ratings, while still acknowledging lower status, given: (H1) high morality, (H2) high indispensability, (H3) equality merger pattern.

Moreover, it is explored as to whether judgments on relative ingroup prototypicality are more extreme under heuristic (minimal cognitive effort) or systematic (in-depth) information processing (Chen & Chaiken, 1999). Relative ingroup prototypicality ratings would be comparable, but not the underlying motives. In the former case, ingroup projection would be motivated by ‘efficiency’ (best representation of the SC with minimal effort); in the latter, by ‘defence’ (enhance/protect identity) (Rosa & Waldzus, 2012).

## Methods

This research project comprises three series of studies.

Scenario-based experiments will be conducted, testing the hypotheses for each of the three proposed

independent variables: Morality, functional indispensability, and merger patterns. In all studies, participants will be asked for informed consent and will be debriefed after participation. See **Appendix 1** for details about the scenarios.

### *Series 1: Morality*

**Design and participants.** 2 (Morality: High vs. low) × 2 (Information processing: Heuristic vs. systematic) between-subjects design. To ensure an adequate sample size per cell, 240 participants will be recruited, targeting adults who work/have worked. This sample was chosen as individuals who have experienced a working environment may better be able to relate with the fictional scenario.

**Procedure.** Data will be collected through an online-based survey distributed via social networks. Participants will be asked to imagine that they work at the organisation representing a minority merger partner (e.g. comparing transaction volume and profit), with scenarios based on Giessner et al., (2006). Morality is manipulated by describing irregularities that occurred in the scenario within one of the merging organisations (see **Appendix 1**). Information processing is manipulated via time pressure: instructions to answer as fast as possible, accompanied by a chronometer; or instructions to take time while answering (Rosa & Waldzus, 2012).

**Measures.** **Table 1** provides an overview of the measures used in the studies.

### *Series 2: Indispensability*

**Design and participants.** 2 (Functional indispensability: High vs low) × 2 (Information processing: Heuristic vs systematic) between-subjects design, with 120 participants (guaranteeing adequate participant number per cell). Participants will be adults who work/have worked, for the same reason as in Series 1. Given participant recruitment constraints, status will not be manipulated.

**Procedure.** Data will be collected akin to the previous series. Functional indispensability is manipulated by describing in the scenario whether the minority’s contribution to the merger goal is high or low (holding the patent of a new technology; see **Appendix 1**).

**Measures.** The same measures as previous will be used, with the measure of indispensability as a manipulation check at the end of the questionnaire (see **Table 1**).

### *Series 3: Merger Patterns*

**Design and participants.** 2 (Merger pattern: Integration proportionality vs. integration equality) × 2 (Information processing: Heuristic vs. systematic) between-subjects design, presenting a sample of 120 participants needed. As in the other study, participants will be adults who work/have worked, and status will not be manipulated.

**Procedure.** Data will be collected akin to other series. Scenarios describe a merging situation that follows an integration-proportionality pattern or an integration-equality pattern (see **Appendix 1**).

Measure	Sample item	Origin
Relative ingroup prototypicality	The group I consider to be more representative of the merged organization is ACME.	Two instruments from Rosa and Waldzus (2012)
Manipulation check of status	(pictorial measure: vertical scale)	Rosa and Waldzus (2012)
Identification with the ingroup and SC	I identify with the merged organization.	Three items from Leach et al. (2008)
Perceived indispensability	Economically, the merged organization needs BOLT.	Guerra et al. (2013)
Manipulation check for merger pattern	Both BOLT and ACME are represented in the new merged one. However, ACME is more strongly represented.	Giessner et al. (2006)
Manipulation check for morality manipulation	"Honest" (9-point attribute rating scale)	Leach, Ellemers, and Barreto (2007)
Manipulation check for information processing	While answering the questions so far, I have been focusing on answering quickly.	Rosa & Waldzus (2012)
Demographics (personal)	e.g., age, gender.	
Demographics (job-related)	e.g., actual job function, seniority.	

**Table 1:** Measures used across the studies unless stated differently, a 7-point likert scale from 1 = strongly disagree to 7 = strongly agree will be used. Manipulation checks are used for the respective series.

**Measures.** The same dependent measures as mentioned above will be used and the merger pattern measures will be used as a manipulation check (see **Table 1**).

Factorial ANOVA's will be conducted in all studies as statistical analyses.

In order to make the studies more accessible for the wider public, hence securing higher response rates, studies are translated from English to Bulgarian, Croatian, Polish, Serbian, and German, using the forward-backward translation method with five independent translators each way. Cross-cultural differences are not examined but replication of findings in a sample from a different country is desired.

### Ethics

Since each of the collaborating researchers will participate in data collection, ethical approval is currently being sought from the review board of seven respective Universities. The project supervisor has shared a comprehensive application form to serve as an example to all researchers. As ethics committees vary in their requirements, the process of gaining approval differs slightly in different countries. For example, two of the junior researchers need to appoint a formal ethics project supervisor from their university department in accordance with their university's regulations.

The general procedure for conducting the studies will be in agreement with the British Psychological Society conduct of ethics. The nature of the studies suggests no salient issues regarding the obtainment of ethical approval. They do not target any risk population or imply any stressful situations, participation will be voluntary and all data collected will be kept anonymous and confidential. Moreover, the studies will not involve deception since they will be based on scenarios. In brief, they have a low risk factor for participants.

### Practical

Pairs of junior researchers conduct the studies. Each member has a specific group role and tasks are distributed depending on interests and temporal capacities, keeping the workload balanced.

To overcome the challenges of working virtually, the group holds regular Skype meetings. Meeting progress, tasks, and participation are recorded. For minor and informal notes a social network is used.

In order to archive and share data the group uses a private cloud service which was set up and funded by the supervisor and which guarantees full data protection.

The team expects to conduct separate studies, which will require a large overall sample. Therefore, if needed, the manipulation of information processing will be adapted or removed. Moreover, difficulties might be faced acquiring permission from certain employers to conduct our research at their organisations. Due to these potential barriers a student sample may be used instead. Translations present a minor issue since they could be relatively subjective, however, through the use of multiple translations done by various people, the team will try to minimize any lingual bias.

The team would like to participate in upcoming conferences and is looking for funding opportunities from public and private sectors to do so. Lastly, the team aims to produce valid and reliable work that would be of importance to specialists in the field and would serve as a ground to future research, while at the same time becoming familiar with the nature of conducting such research and learning from the process.

### Current status of project

Ethical approval is currently being sought at seven universities in order to carry out the studies in the seven respective countries of the researchers. Measures have been developed,

finalised and translated, and will be implemented through the online survey platform Qualtrics (Provo, UT). Final selection of potential target organisations is in progress, which will determine translation steps necessary.

### Prospective discussion

Our studies aim to provide novel insights into conditions increasing prototypicality perceptions of minority merger partners. This might have great implications for new practices in M&A situations, namely in targeting asymmetric intergroup relations in organisations and help solving subsequent potential conflicts and barriers to corporate growth and development.

The novelty of our studies might inspire replications and further research (e.g., complementing the results and overcoming the limitations of having scenarios) by conducting research with real-life M&As.

A large sample and possible permission difficulties may prolong data collection, but the project is expected to be concluded by June 2015.

### Competing Interests

The authors declare that they have no competing interests in publishing this article.

### Appendix 1: Summary of scenario information

Scenario part	Example
Status information	The low-status ingroup was described as founded in 1990 and domestically focused, whereas the high-status outgroup was described as founded in 1919 with worldwide focus and higher shares in the stock market.
Manipulation of morality (series 1)	A sentence mentioning media-covered irregularities found in the ingroup (low moral condition) vs. the outgroup (high moral condition)
Manipulation of functional indispensability (series 2)	A sentence mentioning holding a patent for a new technology, reflected in higher post-merger technological market share (high indispensability condition) vs no mention to patent and description of low technological market share (low indispensability condition)
Manipulation of merger patterns (Series 3)	Dimensions such as control of operations, top managers, corporate design and logo with equal involvement of both companies (integration-equality) or involvement of the high-status outgroup to a higher extent (integration-proportionality)

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