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“Trying before walking down the aisle”: Chinese managers’ construction of post-merger identification after an acquisition in Europe

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Abstract:
Organizational identity and identification have attracted much interest in past two decades. Employees’ strong organizational identification has been shown to contribute to positive organizational behaviors and intraorganizational cooperation. It is necessary to understand how employees construe and reconcile their identification when they face organizational change in mergers and acquisitions (M&As). The majority of existing studies focused on antecedents and outcomes of post-merger identification (PMI) in Western economies. With the occurrence of more and more cross-border M&As, the issue of how employees from emerging market construct PMI is severely under-explored. Our study adopted a qualitative case study approach to investigate how Chinese managers construct PMI after acquiring a western company. Our findings reveal that Chinese managers use the acquisition as an opportunity for identity enhancement. Although a cross-border acquisition involves substantial change processes, we find that Chinese managers do not perceive these changes as threats because of an organizational identity flexibility. Non-merging identities are flexibly bridged and merged by newly constructed organizations, and finally contribute to a positive PMI.

Key Words: Cross-border Mergers and acquisitions, Post-merger identification, Chinese acquisition
Introduction
Organizational identity and identification have become key interests and concepts in organizational studies. These concepts have been linked to employees’ reactions to organizational changes (Huettermann, Doering, & Boerner, 2017), organizational bias due to status differences (Lipponen, Wisse, & Jetten, 2017) and response to different organizational strategies (Empson, 2004). Based on the social identity approach (Abrams & Hogg, 1990), organizational identity can be defined as “stereotypic attributes of an organization that are conferred upon it by those for whom the organization is relevant and meaningful” (Haslam, Postmes, & Ellemers, 2003: 360). More specifically, stereotypic attributes are widely shared in the organization; they provide a basis for organizational coordinated action; these stereotypes are generally stable over time, but they are also context-dependent and hence potentially fluid. Organizational identification refers to “the perception of oneness with or belongingness to” the organization (Ashforth & Mael, 1989: 34). Kreiner and Ashforth (2004) explained that employees with high positive affectivity to the organization tended to have a strong identification with it, because they were able to perceive potentially positive elements of their organization.

Mergers and acquisitions (M&As) involve dramatic organizational changes and these changes can trigger the reconstruction of organizational identity and identification (Gleibs, Mum mendey, & Noack, 2008). For instance, after M&As, organizational members often need to let go of their recurrent organizational identity and reconstruct their identity as members belonging to the new organization (Terry & O’Brien, 2001). The identity reconstruction might threaten employees, especially for those coming from a low status pre-merger organization. Specifically, the acquiring and acquired organizations have rarely equal status before the M&As. One of the premerger organizations will typically be superior to the other one in terms of financial power, market share, competence, technological competitiveness or regarding other dimensions. The lower status premerger organizational members might be threatened, as they tend to make sense of the acquisition as they had to follow the other group’s identity (Amiot, Terry, & McKimmie, 2012). In turn, the identity threat can lead to low post-merger identification (PMI), which can trigger negative
organizational outcomes, such as, low job satisfaction (Zaheer, Schomaker, & Genc, 2003) and high turnover intentions (Van Dick et al., 2004), which are detrimental to successful M&As.

The deal value of Chinese cross-border M&As has increased dramatically in recent years and reached 146.5 billion US dollars in 2017 which is a tenfold rise in the past ten years (Chenshao Report, 2018). Internationalization and increasing global competitive positions have become the predominant reason behind Chinese cross-border M&As (Chen, Li, & Meng, 2017). However, comparing with the extensive research on PMI in the West, Chinese PMI construction has scarcely been mentioned. Playing a critical role in worldwide business, Chinese companies have been found to face many potential organizational and behavioral challenges after M&As (Cooke, 2006). The emphasis on PMI in western countries and limited scholarly attention on Chinese PMI construction hindered our understanding of the full range of identification construction processes in cross-border M&As. The process is claimed as a significant factor which can accelerate a successful post-merger integration.

Thus, in this study, we investigate the PMI construction of Chinese managers by conducting a qualitative in-depth case study after their acquiring a European manufacturing firm. We use a grounded theory approach to theory building (Corbin & Strauss, 2008; Haslam et al., 2003). By exploring complicated organizational phenomena in the naturalistic context (Piekkari, Welch, & Paavilainen, 2009), we provide a full explanation of how PMI is constructed together with the causes.

Our findings reveal that perceiving themselves as a dominant but low status group, Chinese managers take the acquisition as an opportunity for enhancing their (low status) identity. Identity enhancement needs identity transformation which exposes them in a dramatic organizational changes. Chinese managers don’t perceive these changes as threats because of organizational identity flexibility, it prevents employees (from a low status group) from experiencing uncertainties in M&As. Interestingly, two non-merging identities are bridged and merged by newly constructed organizations, and finally contribute to a high PMI.
The paper makes two contributions to PMI literatures. Firstly, our paper fills the gap of investigating how employees from emerging markets construct their PMI. We explain the process of how Chinese managers from a dominant but low status group construct their PMI. This gap should not be ignored also because of practical necessity. Less established companies from emerging markets are increasingly acquiring distinguished western companies. How to deal with the mixed effects of dominance and status becomes vital to the success of M&As. Secondly, this we argue that organizational identity flexibility can help building high employees’ PMI. If employees are immune to the organizational changes, losing a sense of continuity might not lead to a low PMI. This provides a new way to help increase employees’ PMI beyond the frequent focus on the sense of continuity.

Literature Review

1. Organizational identification in M&As

The past few decades have witnessed the continuing proliferation of M&As. However, the literature shows that plenty of M&As are failure cases which cannot meet the expectations of acquirers (Bhaumik, Owolabi, & Pal, 2018; Zhou, Xie, & Wang, 2016). Except for strategic and financial mismanagement of the new organization, explanations for M&A failure generally refer to social and human factors (Colman & Lunnan, 2011; Joshi, Sanchez, & Mudde, 2018; Vaara, 2002). For instance, M&As underperformance is frequently explained by employees’ low PMI because of dramatic organizational changes (Giessner, 2011; Gleibs et al., 2008; Graebner, Heimeriks, Huy, & Vaara, 2017).

From a social identity perspective, M&As can be defined as “a formal recategorization of two social groups as one new group” (Van Knippenberg, Van Knippenberg, Monden, & de Lima, 2002: 234). The new group (organization) incorporates the acquirer and target group (organization) after acquisitions. The combination of two different organizations will inevitably bring about organizational changes (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009). However, employees accustomed to seek stability in the organization, they may find themselves difficult to adapt to the changed organizations. The radical changes after M&As can cause employees’ uncertainty and anxiety toward the new organization (Gleibs et al., 2008).
These negative feelings may disturb individuals’ loyalty and commitment, finally lead to employees’ low PMI (Giessner, 2011; Makamson, 2010).

PMI reflects how and to what extent people define themselves as belonging to their organizations after the M&A. It is grounded in the social identity approach which has been used to investigate organizational phenomena for decades. Social identity approach comprises social identity theory and self-categorization theory (Tajfel & Turner, 1979; Turner et al., 1987). Self-categorization theory explains the impact of self-perception (“I” vs. “we”) for understanding feelings, thoughts, and actions of people. Whereas, in social identity theory, people define themselves as members of a social group (groups), an individual’s self-concept derives from his membership of the social group (groups) he belongs to, rather than himself.

PMI has been used to explain different behaviors in organizations after M&As, including cooperative behavior (Gleibs et al., 2008) and organizational bias (Terry & Callan, 1998). It is theoretically interesting because it is an important precursor of M&A success (Colman & Lunnan, 2011). High PMI is positively related to job satisfaction, reduced turnover intentions, and good acquisition performance (Lipponen et al., 2017; Terry, Carey, & Callan, 2001; Ullrich, Wieseke, & Dick, 2005; Van Dick et al., 2004). Correspondingly, low levels of PMI often hinder companies from realizing their strategic and financial goals (Giessner, 2016).

The majority of studies on PMI have predominantly focused on the effect of status differences, proposing that the status asymmetry may trigger a low PMI for low status group (Boen, Vanbeselaere, & Cool, 2006; Lipponen et al., 2017; Terry & Callan, 1998; Terry et al., 2001; Van Knippenberg et al., 2002). Terry et al. (2001) note that acquiring companies tend to have a higher status (in terms of technology or performance) than the other (see also Haunschild et al., 1994). Compared to high-status organizations, employees from the low-status organization experience more insecurities and identity threats after the acquisition (Terry & O’Brien, 2001), which may lead to employees’ low PMI (Lipponen et al., 2017; Terry & O’Brien, 2001). Colman & Lunnan (2011) explained that employees from a low status pre-merger organization might make sense of the acquisition as they had to follow the other group’s identity. Perceived potential identity change
would trigger threats to their pre-merger identity, which often results in anxiety, insecurity, lower adjustment (Amiot et al., 2012) and low PMI (Gleibs, Noack, & Mummendey, 2010; Terry & O’Brien, 2001).

In a similar vein, Van Knippenberg et al. (2002) proposed that after M&As, one organization, normally the acquiring organization, turns out to be more dominant and influential (in terms of power differences) in the new, merged, organization. They found that pre- and post-merger identification had a positive relationship among employees in the dominant organization because of a sense of continuity. The sense of continuity was defined as “despite the organizational changes experienced, employees' organizational identity are maintained over time” (Amiot et al., 2012; Iyer & Jetten, 2011; Van Knippenberg et al., 2002). Typically, the dominant organizations are larger or more powerful than the dominated group, therefore employees of the dominant group often perceive the post-merger organization as a continuation of their pre-merger organization. Thus, PMI is often higher for former members from a dominant organization compared to those from the dominated organization.

The dominant organization in M&As may often be the higher status organization, however, there are situations in which the dominant partner might be the lower status group (e.g. when a chain of budget stores takes over a prestigious designer store). Addressing this condition, a chain of budget stores is the dominant organization (more powerful) and the lower status group (inferior in terms of design) at the same time. Van Knippenberg et al. (2002) used the similar example to differentiate status and dominance to explain the effect of dominance on PMI, but there is no deeper explanation on how this mixed status and dominance will influence PMI in M&As. Based on literatures, Van Knippenberg et al. (2002) argued that, as a dominant group, the chain of budget stores had more power to decide where the new organization to go, employees’ PMI would not be threatened because of a high observable continuity, thus they would have a relatively high PMI. However, Amiot et al., (2012) argued that, as a low pre-merger status group, the chain of budget store would have a low PMI toward the acquisition. Indeed, intergroup comparisons will make the low-status organization experience more identity threats which will lead to a low PMI.

To deal with this contradiction, it is theoretical interesting to fill the gap of investigating how the mixed effects of dominance and status will influence PMI, and what is the PMI construction process behind these
effects. This gap should not be ignored also because of practical necessity, as less distinguished companies from emerging markets are increasingly acquiring distinguished western companies, how to deal with the mixed effects of dominance and status become vital to their success of these cross-border M&As.

2. Post-merger identification construction in Chinese cross-border M&As

Chinese companies have a history of gaining cost advantage with sacrificing the quality of products (Deng, 2004). Thus, Chinese acquirers mainly target well-known western companies as a springboard to acquire strategic resources and technological assets. Indeed, literatures have found that Chinese acquirers are most interested in acquiring western companies with sophisticated technology, high brand and reputation (Luo & Tung, 2007), these acquisitions will help Chinese companies to ‘catch up’ in terms of technology, brand, and management, not only in domestic but also in global markets (Rui & Yip, 2008; Sun, 2018). We argue that Chinese acquisitions provide a suitable context to study PMI in cross-border M&As, as employees in Chinese companies might often experience dramatic organizational changes because of asymmetric technology and brand status.

Recently, research has focused increasingly on post-merger integration management which is argued as a critical antecedent of a successful Chinese acquisition (Muralidharan, Wei, & Liu, 2017; Zheng, Wei, Zhang, & Yang, 2016). Management and technological abilities of target firms in developed countries are generally superior to Chinese enterprises. Different from traditional absorption, symbiosis or preservation approaches (Haspeslagh & Jemison, 1991), Liu & Woywode (2013) found that Chinese companies adopted a novel post-acquisition integration approach which was known as “light-touch” integration. In a qualitative study, they found that despite a high potential for synergy, Chinese acquirers did not pursue full integration in a fast manner but they chose to grant a great deal of managerial autonomy to the acquired firms. It met the need of reducing uncertainty for western acquired firms, but it would be a challenge for Chinese acquirers to promote knowledge transfer (Zollo & Singh, 2004). In this way, Chinese acquirers tended to change organizational structure with great flexibility, in order to achieve organizational learning and knowledge transferring from western acquired companies (Liu & Woywode, 2013; Zou & Ghauri, 2008)
The logic behind the novel integration mode is the Chinese management style shaped by Confucian ethic. It provides a set of pragmatic rules for the daily behaviors in organizations. The Confucian style of management is termed as “humanistic management” which focuses on meeting organizational needs of coordinating and integrating by respecting employees’ identity and needs. In addition, based on Confucian principles, committed employees are able to adapt to changing organizational environments with sufficient flexibility. A manager has to inform employees clearly about the goal of and behavioral criteria in the company. The adaptability to contingencies is regulated by Yi which is the binding force of social interaction referring to the righteousness, faithfulness, loyalty, and justice in the process of social interaction.

Except for post-merger integration practice and cultural factor, literature suggested that we should pay more attention on strength of organizational identification, since “organizational identity — ‘who we are’ — may be as influential as culture — ‘how we do things’ — in affecting the post-merger integration process” (Zaheer, Schomaker, & Genc, 2003: 185). Despite these insights, how Chinese managers react to these post-merger integration strategies in terms of PMI construction has scarcely been mentioned in literature (Cooper, Liu, Sarala, & Xing, 2015).

The present study pays attention to PMI construction by Chinese members of the acquiring organization after an acquisition of a European firm. We believe a better understanding of this issue will shed light on the success or failure of Chinese cross-border M&As. Hence, our central research question is: How do Chinese members of the acquiring organization construct their PMI after an acquisition of a European organization?

Methodology
We employed a qualitative case study, as most appropriate for building theory and answering “how” questions related to complex processes (Gehman et al., 2017: 4). For instance, due to cultural differences and dramatic organizational changes, the identification construction process we examined in the study has been seen as a complex process in cross-border M&As (Vaara, 2002). Theory building from qualitative cases depends mainly on grounded theory approach where “researchers may have a guess about the
constructs of the theory, but are fundamentally going in open-minded” (Gehman et al., 2017). Based on grounded theory, we broke data into first-order and second-order themes, and then abstracted at a higher level into third-order codes (Gioia, Corley, & Hamilton, 2013). Without a preconception of relationships among the emerging third-order codes, we iterated among the literature, data and emergent theory to come up with explanations for the underlying logic of the emergent relationships. It was taken in our case study for not only generating new theory, but also elaborating existing theory in a complex organizational phenomena (Patvardhan, Gioia, & Hamilton, 2015). Besides, theory building from cases fundamentally depends on a case study (Gehman et al., 2017; Yin, 2009). In this study, the single case study about the acquiring organization provided a rich empirical instance of identity construction process. In summary, we addressed the post-merger identity construction as theoretical focus by studying a specific case of a Sino-Western M&As.

**Research setting**

We investigated an acquisition of Beta by Alpha Holding focusing on manufacturing and technological innovation. Alpha Holding group is a Chinese privately-owned global group which consists of many international acquisitions. Alpha Sub is one of Alpha Holding’s divisions. In order to improve the quality of Alpha Sub (we call Alpha below) and gain access to the global market, Alpha Holding acquired a western company Beta. Before acquiring Beta, Alpha was manufacturing low-end products which were characterized as low quality, low price and inferior technology in the market. Due to lack of quality assurance and original design, Alpha was provided with little chance for occupying the domestic market and stepping into global market. The acquired company Beta had a long history of manufacturing premium products and leading technological know-how in the manufacturing industry, where technological advantages are seen as core competitive advantages. Being acquired by Alpha, Beta felt a threat for losing their brand reputation. Due to cultural differences and Intellectual Property (IP) law of knowledge transfer, the technological collaboration was difficult after the acquisition. In order to ease the threat, Alpha Holding allowed Beta to be an independent and self-governing corporation after the acquisition.
Three years later, Alpha Holding created a new organization – Gamma at the same location of Beta and was responsible for the cooperation between Beta and Alpha. Being financed by Alpha, Gamma played two roles after the acquisition. On the one hand, Gamma worked as a bridge between Alpha and Beta, managers from both organizations conducted joint projects based in Gamma. It avoided direct collaboration which leaded to brand threat of Beta. During the process of cooperating with Beta, Gamma learnt technology from Beta and transferred it back to Alpha. Gamma was seen as an invisible tube for knowledge transfer. On the other hand, cultural differences decreased in the collaboration between Beta and Gamma which recruited many western employees including some employees directly from Beta.

Eight years’ later, after witnessing the successful role played by Gamma in collaboration, Delta was created, the new organization was owned by Beta and Alpha with equal share. With a headquarter in China, Delta was established for formalizing the synergies for the collaboration within two organizations. On one hand, Beta and Alpha could share existing and future technology in Delta, Alpha and Beta managers worked together in the new joint venture Delta. The direct and closer collaboration between Alpha and Beta became possible. On the other hand, the Delta sought synergy benefits for both organizations by taking advantage of scale economy. The synergy created a significant influence on improving Alpha brand value and Beta cost efficiency. Figure 1 displays the organizational structure, and Table 1 displays the chronology of events.

**Figure 1. Overview of interrelation among organizations.**
Table 1. Chronological description of the key events

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2010</td>
<td>Alpha Holding acquired 100% of the shares of Beta. The agreement was signed.</td>
</tr>
<tr>
<td>August 2010</td>
<td>The transaction of Beta acquisition was completed.</td>
</tr>
<tr>
<td>January 2011</td>
<td>Alpha Holding invested several billions into Beta to support for future products development.</td>
</tr>
<tr>
<td>February 2013</td>
<td>Alpha Holding acquired 100% control of the other western company.</td>
</tr>
<tr>
<td>September 2013</td>
<td>Alpha Sub announced the opening of the Gamma in a western country.</td>
</tr>
<tr>
<td>April 2014</td>
<td>Alpha Sub announced its new brand mission and value proposition.</td>
</tr>
<tr>
<td>October 2014</td>
<td>Alpha Sub’s product was awarded in China.</td>
</tr>
<tr>
<td>December 2015</td>
<td>Alpha products received the highest score ever seen on one of the quality evaluations.</td>
</tr>
<tr>
<td>December 2015</td>
<td>Alpha Sub announced its ambitious on future products development.</td>
</tr>
<tr>
<td>January 2016</td>
<td>Alpha Sub announced its ‘future Strategy’ which would aim to sell a large amount of products.</td>
</tr>
<tr>
<td>October 2016</td>
<td>Alpha Sub launched a new brand for global markets which combined leading design, technology and service offerings.</td>
</tr>
<tr>
<td>May 2017</td>
<td>Alpha officially opened its new research and development center in China.</td>
</tr>
<tr>
<td>June 2017</td>
<td>Pilot data collection in Alpha Sub</td>
</tr>
<tr>
<td>January 2018</td>
<td>A new technology joint venture (Delta) is created in China, it is 50/50 owned by Beta and Alpha. The headquarter of Delta is in China, and the subsidiary is in a western country</td>
</tr>
<tr>
<td>January - March 2018</td>
<td>Time 1 Data collection</td>
</tr>
<tr>
<td>July - August 2018</td>
<td>Delta exchange program begins</td>
</tr>
<tr>
<td>July 2018</td>
<td>Time 2 Data collection</td>
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</table>

Data collection

In accordance with our qualitative research approach, we adopted varied sources of data, including (1) semi-structured interviews with key Chinese informants who were involved in interactions with Western managers, (2) archival data about the Chinese acquirer and the acquired European company, (3) observation
in the acquiring company in China. Indeed, the fundamental characteristic of qualitative research is their deep immersion in multiple kinds of data that help reveal the focal phenomenon (Gehman et al., 2017).

*Semi-structured interviews.* Interviews were taken as the main source of our data (Corley & Gioia, 2004). We conducted interviews in June 2017 (years 7 after the acquisition), January 2018 and July 2018. Our data collection fitted with the time span of the process that we were studying (Gehman et al., 2017). In order to investigate the PMI construction process after Chinese M&As, we conducted pilot interviews right after we got access to the company in June 2017. From the pilot interviews, we got the information that a new joint organization (Delta) would be created at the beginning of 2018. The organizational changes (e.g. structural changes) have a significant influence on identity change (Empson, 2004), thus, we started our process data collection right after the creation of Delta. In this new organization, Chinese and western managers would have a direct collaboration with each other for the first time. We were interested in managers’ interpretations of how their post-merger identity evolved, thus we carried out interviews in real time as processes were evolving. For instance, in order to figure out how this collaboration in Delta would affect identity of Chinese managers, we went to China again in July 2018 for data collecting, and the collaboration was viewed by some Alpha managers as successful. Longitudinal “moment by moment interview data” provide detailed information for us to derive interesting insights about the identity construction process (Pettigrew, 1990).

We conducted 35 interviews, interviewees were Chinese managers from Alpha Sub, 28 of them have Gamma experience (they were included intensively in the project in Gamma) and 4 of them are also responsible for Delta organization in China. Table 2 provides an overview of the interviewees. Besides, we conducted many informal interviews with Chinese managers in the acquiring company, all these informal interviews were recorded by handwriting notes (Huettermann et al., 2017).

Interviews lasted 45-60 minutes, the interview guide involved open-ended questions about personal experience in the company, decision maker, collaborations between Alpha and Beta, continuity and post-merger identification. Questions like “Who is the decision maker for Alpha before and after the acquisition” and “Please tell us about the collaborations between Alpha and Beta, what are the chances and challenges?”
prompted interviewees to talk about the process and outcome of organizational change. Besides, our interview guide comprised a range of questions relevant to PMI. For instance: “Please describe your organization with three adjectives after the acquisition”, “What makes you proud or embarrassing about your current organization”. These questions provided us a chance to closely look at employees’ post-merger identity and identification.

In addition, several questions were updated after one or two interviewees’ perfunctory answers (Gioia et al., 2013). Chinese managers in Alpha showed their sensitivity to our recording interviews in the beginning, they tended to avoid giving negative answers to our questions. For example, when we asked the question of “what makes you feel embarrassed about the collaboration”, we got the same answer that “everything is good, I am not feeling embarrassed about anything”. Referring to Chinese characteristics - they are more indirect and conservative for answering “sensitive” questions under recording (Graham & Lam, 2003), we changed the question into “what are the suggestions for improving the collaborations”. All interviews were tape-recorded, transcribed and exported to Nvivo for analysis. All interviews were translated from Chinese into English.

**Table 2: Overview of the interviewees**

<table>
<thead>
<tr>
<th>Date</th>
<th>Number</th>
<th>Organization</th>
<th>Position</th>
<th>Seniority</th>
</tr>
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<tbody>
<tr>
<td>06.2017</td>
<td>3 interviews</td>
<td>3 Alpha Sub managers (have Gamma experience)</td>
<td>3 senior managers</td>
<td>1 interviewee: over 8 years at Alpha Sub</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2 interviewees: 2-7 years at Alpha Sub</td>
</tr>
<tr>
<td>01.2018-03.2018</td>
<td>19 interviews</td>
<td>19 Alpha Sub managers (have Gamma experience)</td>
<td>12 senior managers</td>
<td>7 interviewees: over 8 years at Alpha Sub</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>7 middle managers</td>
<td>12 interviewees: 2-7 years at Alpha Sub</td>
</tr>
<tr>
<td>07.2018-08.2018</td>
<td>13 interviews (including 3 written interviews)</td>
<td>9 Alpha Sub managers (have Gamma experience)</td>
<td>11 senior managers</td>
<td>6 interviewees: over 8 years at Alpha Sub</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 Alpha-Beta (Delta) managers</td>
<td>2 middle managers</td>
<td>7 interviewees: 2-7 years at Alpha Sub</td>
</tr>
</tbody>
</table>
Archival data. We gained access to public and private archival data, including the websites of three organization entities, peer-reviewed as well as media articles, we relied on archival data during all the research period, these archive data also served as an significant triangulation source for understanding events and mitigating possible “retrospective bias” in the interviews (Miles & Huberman, 1994).

Observation. Finally, one of the authors spent over 30 hours in the key department of Alpha between June 2017 and August 2018. The author engaged in direct, non-participant observation of organizational actions, observing members' working interactions, engaging in informal conversations on topics the researcher interested in, gathering potentially data relating to personal and interpersonal issues of identity. Detailed notes concerning content of conversations were taken and exported to NVivo for analysis.

Data Analysis
We began our data analysis with early analysis which is “a rapid, practical way to do first-run data reduction without losing any of the basic information” (Miles et al., 1994). Tape recordings of the interviews were processed; all the interviews were transcribed into Chinese texts (original language). Data collection and analysis were interwove from the beginning, in order to clarify the emerging concepts and refine the coding scheme (Neeley & Dumas, 2016). Specifically, we started our early data analysis using Nvivo right after finishing the first batch of data collection in July 2017. Based on the early analysis, we adjust our direction of data collection in January and July 2018. For example, we built a contact summary (Miles et al., 1994) to get an overall picture of main points for each interviewee. The summary was used to guide planning for the next contact and help with further data analysis, at the same time, all the summary sheets for some of contacts were coded and analyzed.

Then, we began the first order coding (open coding) by reviewing and assigning initial texts including words, phrases, sentences or paragraphs into different categories and labelled these categories as first-order codes. We used in-vivo (Corbin & Strauss, 2008) codes which were used directly by interviewees, if the in-vivo codes were not available, we used a simple summary phrase to name the categories.
Next, based on the categories generated from first order coding, pattern coding was adopted, which was “a way of grouping the categories into a smaller number of themes or constructs” (Miles et al., 1994). Common themes were used to link together data fragments from differing but related categories developed in open coding (Corbin & Strauss, 2008). For example, we used the “low status organization” as a second order code, when we found Chinese managers demonstrated themselves as “students” when they met Beta managers; or they mentioned that “Beta managers would make decisions in our collaboration”. After that, we went back and forth between first-order codes and second-order themes until no new themes or codes emerged.

Finally, we developed the emergent framework by gathering similar themes into more abstract dimensions and built relationship among different dimensions (Glaser & Strauss, 1967). The data structure was pivotal, as it provided a graphic representation of how we progressed from raw data to themes in conducting the analyses. Emerging relationships among codes and theoretical linking were recorded in memos. Sequential and interactive relationships were traced, and we thereby transformed the original static coding dimensions into a dynamic process of PMI construction.

**Results**

Figure 2 displays a coding scheme of our data structure. It demonstrates three main dimensions that emerged from our data analyses (the right side of the figure), as well as their constituent second-order themes and the first-order concepts. Figure 2 intersperses the dimensions pertaining to the process of how Chinese managers construct their PMI after acquiring a western company.

1. Construe of intergroup relationship

*Low status organization*

Alpha managers perceived the acquired company Beta as a “Goddess” who had a higher status than them. Beta was an organization which owned advanced technology, a high brand value, strong global presences and a long history; reversely, Alpha was viewed as a young company which had low technology, a short history and an inferior brand. Even seven years after acquisition took place, Alpha was still viewed to have a lower status. In the collaboration between two organizations after the acquisition, Alpha managers
encouraged their employees to learn from colleagues in the acquired company. Before communicating with Beta counterparts, employees were always well-prepared in terms of language and questions. In spite of these efforts, they described Beta managers as “not open” and “difficult to collaborate”. For instance,

*I remember the first time I was sent to Beta to talk about a problem of our product. Before I set off, I had to prepare the questions very well, but my heart was still not at the bottom, and I was very nervous!*

*Or*

Yes, we were in a lower status in the beginning, then began to...It is also about working habit, including communication habit. For instance, we can’t get the answers we asked from them. In fact, Beta is actually not open for us at that time. No, they just don’t want to talk to you.

Interestingly, for Chinese managers, the status difference was seen as understandable due to Alpha’s inferior technology to Beta, there was a huge knowledge gap between two organizations. If Beta was a college student, Alpha was a young kid in a kindergarten. The collaboration difficulties were triggered by status difference between Alpha and Beta, Chinese managers thought that different levels of technological know-how in these two organizations led to some difficulties in the communication:

*Very important is that we have different knowledge. (Our technical expertise) is not at the same level. They (Beta) are at a higher level, especially for the portraying and electrical (expertise), Beta is very strong in electrical (expertise) especially in using software to manage the electrical operation. It’s difficult to have a dialogue (communication) with them. You (Beta) are a college student; you (Alpha) are in the kindergarten. How to discuss the technology (with them)?*
Figure 2. Data structure

<table>
<thead>
<tr>
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Dominant organization

Though recognizing Alpha (Sub) as a low status group compared to Beta, Chinese managers perceived Alpha Holding as the dominant organization. Correspondingly, Beta was seen as the dominated organization. Specifically, Alpha Holding was a huge business group which acquired many foreign companies, Beta was just one organization belonging to the Holding group. Though Beta was granted with considerable autonomy and kept independent for daily business operation, the Holding group was more influential in determining the strategy direction of Beta. Besides, Alpha Holding had power to enable technology transfer from Europe to Alpha by creating a new organization Gamma. As an Alpha’s European R&D center which was located in the same country as Beta, Gamma was created in year three after the acquisition. Managers from Alpha therefore had chances to collaborate with Beta with the help of the new organization Gamma. One of our interviewees mentioned the dominant role of Alpha Holding in the final decision making:

*We have some, the SVP from Beta and Alpha to discuss where to go. Finally, these people take the decision for our products, projects and so on, this is in a very high level...but finally, the board members (of Alpha Holding) will make the decisions.*

Interestingly however, there was no clear line between Alpha Holding and Alpha. Alpha Holding was seen as a “virtual” administrative organization, that was to say, there was just a board of directors in the Alpha Holding, and Alpha was the mainly business entity. Thus Alpha and Alpha Holding were not divided, and they were seen as the same organization. For instance, one of our interviewees mentioned that:

*We have Alpha Holding and Alpha. But actually, from the perspective of an internal organizational member, we have a “virtual” Holding, we don't have a big organizational entity as a Holding. We just have a board of directors there in Alpha Holding ... there is not a bunch of entities under the Holding group. Our business entity is actually Alpha Sub...no matter how Alpha Holding expanded, the business entity is still Alpha Sub. Thus, we are, we are the same.*
2. Organizational Identity flexibility

Non-merging identity: Minimizing the identity disruptions of the acquired company

After the acquisition, the two organizations kept running their businesses independently by their own management teams. Keeping the identities of Alpha and Beta separate was out of two main reasons. On the one hand, non-merging the two identities helped to protect the brand identity of Beta from being contaminated by Alpha. Specifically, Alpha and Beta managers remain distinct identities after the acquisition. Chinese managers admitted that Alpha was a brand that represented “cheap” and “low quality” in the market, while Beta was perceived by customers as a luxury brand that represented refined products. Hence, non-merging identities could protect the brand reputation of Beta. Moreover, the acquisition of a luxury brand also promoted the brand image of Alpha in the market. For example, one of our interviewees mentioned:

*His (Chairman) strategy is to prevent the brand of Beta from being hurt because of Alpha brand (which was of course not a luxury brand) ...So he (Chairman) separated the management of two companies and runs them independently...There are actually too many favorable factors for us. For example, our brand has been improved a lot in the market. Because...as a Chinese independent brand, we acquired a foreign luxury brand.*

*Or*

*For example, in a social media site, some people criticized that Alpha made very low quality products. Then you could see someone commenting that this company is the parent company of Beta. It was ten years ago that they made poor quality products, now they make very good quality products.*

On the other hand, the identity disruption to Beta was perceived as a risk by Chinese managers, as it would be difficult for them to collaborate with each other due to cultural differences. Specifically, Alpha was a traditional Chinese company with a strong managerial hierarchy, whereas Beta was a typical western democratic, discussion-oriented corporation. It was difficult for the Chinese management to manage the two companies with massive cultural differences after the acquisition. They kept the respective cultures and
management styles for both organizations. Non-merging identity prevented inappropriate integration from destroying the whole acquisition. One of our informants claimed that:

_No, at the moment, Beta is Beta, and Alpha is Alpha. Beta was managed by its own management team. We had different cultures, the impact of different cultures on integration would be great, so we have to integrate cultures first... we have granted Beta huge autonomy until now._

_Or_

_This strategy (separation) is very good. If a company doesn’t have a good strategy after the acquisition, it will be an unsuccessful acquisition...there are too many failure cases in Chinese cross-border mergers and acquisitions, we might ruin the whole acquisition without it (the non-merging strategy)._  

**Bridge identity: connecting non-merging identities**

Though non-merging identity was believed to be helpful for maintaining the distinctiveness and uniqueness of Beta after the acquisition, the separated identities gave rise to a challenge of knowledge transfer and collaborations within two organizations. One of our interviewees mentioned that:

_This is another classic issue. It takes quite a long time to find an agreement about the way Beta discloses their knowledge and technology. Yeah. Even though one organization (Beta) belongs to the other (Alpha), we are still different organizations. It’s not easy to disclose their technology and their knowledge... it is a big issue for us._

Thus, Gamma was created in the same location as Beta, acting as a bridge between two organizations without breaking the “non-merging” principle. Gamma connected two “non-merging” identities, and brought some positive outcomes. Firstly, Gamma connected employees from two organizations for communication. For example, some Beta managers were recruited by Gamma with a high salary, thus Chinese managers had chances to get in touch with Beta managers directly at Gamma. Indeed, for Beta managers, having a job at Gamma was more acceptable than working at Alpha in China. In this way, Alpha successfully built their new R&D team in China. One of our interviewees stated that:
In the past, it (Alpha) might be just like some companies such as Yo company. They (Yo company) are completely copying and reproducing, and they didn’t have their own research and development teams. After the technological sharing and learning, we built a research and development team with nearly lots of staff.

Secondly, Gamma connected two organizations by making knowledge transfer possible. Knowledge transfer from Beta to Alpha would involve data transmission and intellectual property (IP) protection issues. With a concern for legal protection of IP in which China has not completed legislation yet, Beta managers were more willing to cooperate with Gamma in terms of technology. Data and technology were seen as safe and controllable when they were transmitted to Gamma, because of a strict IP law. For instance, as one of our informants stated:

Yes, Gamma, yes, this company, on the one hand, solved the issue from Beta. Beta had some concern about the IP, IP leakage or something like this. For Alpha, we need this kind of technology transfer. So Gamma is playing a very important role in this. Maybe later we will have a new way to cooperate, a new way will be come up with… but Gamma is a real milestone of the cooperation ...

Interestingly, Chinese managers demonstrated a salient “learning” identity after Gamma’s connecting Alpha and Beta. They showed a strong motivation to learn from Beta. Alpha learned technological know-how from Beta, including the technology standard, quality control and R&D processes. The know-how learned was transformed into Alpha’s self-applicable knowledge via Gamma. This “learning identity” held by Chinese managers contributed to Alpha’s technological improvements and process upgrades. Specifically, western countries had a relatively stable and well-developed market. Beta was a process-driven organization, that was to say, how many tasks and steps employees needed to do for a new product were prescribed in the process system. As a young and emerging company in the industry, Alpha did not have such mature R&D processes. In order to improve the efficiency and quality of production, Chinese managers upgraded the production processes based on Beta’s process system. Besides, fierce competition and changing markets in China were not allowing Chinese companies to work step by step referring to the
process. In this perspective, Alpha showed a strong ability to learn and integrate more advanced processes into their self-applicable R&D routines. For example, one of our interviewees stated:

_We didn’t know how to do - they (Beta) knew. But Alpha, we didn’t know. We tried to learn from them, built the new organization, new process, new standard and new templates, and new governance structure, meeting structure, everything._

**OR**

_From the perspective of the domestic market... It was just like what I had said to you. In our collaboration, Alpha undoubtedly learned the standardized development process from Beta, these areas such as the quality awareness, etc. are enhanced. That is a big leap._

In addition, Gamma played an important role as a “tube” in connecting two organizations and identities by providing a terrace for the common project. Specifically, Alpha set up a common project based on Gamma, semi-finished products were produced and used for both companies. The project was financed by Alpha, and Beta offered the technological know-how for the products. Thus, Alpha managers had more chances to communicate with Beta managers in terms of technology. One of our interviewees mentioned that knowledge exchange was inevitable when they worked on common projects, and the creation of Gamma was a smart decision:

_Alpha set up a R&D center in western country and then communicated with Beta through this subsidiary (R&D center). So from the cultural level... that is to say... I think our boss is particularly wise. Because it is difficult for us Alpha people to communicate directly with Beta. So I am just at home, set up a subsidiary for it. Then through the subsidiary side, I recruited western natives to communicate with him through western natives. But for example, the management can set up the Chinese, and its chairman is our president. Then through this way to communicate, it is relatively smooth to communicate, so on the cultural level, I think this move is still correct._

In sum, the new organization Gamma was accepted as a bridge to connect two non-merging identities. The Gamma was quickly accepted as Alpha’s European subsidiary by Chinese managers, since they were
getting more and more involved in the daily work in Gamma. One Chinese managers had two positions with
respective responsibilities both in Alpha and Gamma. Our interviewees perceived the Gamma not only as a
“child” of Alpha, but a bridge between Alpha and Beta.

*Gamma is actually a subsidiary of Alpha. However, at the beginning of its establishment, it was created
as a bridge. That is to say, we would like to transfer Beta's technology to Alpha. That is the meaning of
the organizational structure change by creating a Gamma, it brings the Beta technology, experience,
and development ideas to Alpha.*

*Merged identity: Delta - non-merging identities were integrated*

The creation of Gamma witnessed Alpha’s flexibility in changing the organizational structure to enhance
organizational adaptation after the acquisition. Indeed, Alpha reconstructed organizational structure and
functions frequently to adapt to Chinese changeable market. Chinese managers described Alpha as an “agile”
organization. Except for creating a Gamma for bridging Beta and Alpha, a subsidiary of Gamma was set up
in China to meet customers’ changing requirements. Particularly, in order to support a new subsequent
project in Alpha, Gamma was divided into two different organizations and combined again within a short
time. These structural changes allowed Alpha to respond fast to changes in the market and evolved rapidly
in response to shifts in its business priorities. For example:

*There have been so many changes. In the beginning, we did not say that it must be a new brand. In the
beginning, there was only one project group, which is called the AB project. Then the AB project team
became Gamma China, which was called Gamma China. Then it became Gamma China A and Gamma
China B. Then now it will become the new Brand Institute. It is that the organizational structure has
been changing all the time.*

*OR*
The first word is marketing orientation. Everything is, yes, because we need to improve everything. That direction is not to say that oh, I have a very good mindset, no. Only thing is that we need to follow the market, so market orientation first.

Importantly, with Alpha’s agility in the organizational structure, a new joint venture – Delta - was established for facilitating a more direct and deeper collaboration between Alpha and Beta. Though Gamma played a significant role as a bridge to connect two companies, it was seen as “a cooperation trial” between two organizations. Thus, further synergies were perceived as necessary for the future success after the acquisition. Specifically, the new organization Delta was responsible for the direct collaboration of further technology sharing, scale economy, synergies and building a win-win situation for both organizations. The one-way “learning” identity was switched to a two-way “mutual learning” in the new organization Delta.

For instance, one of our interviewees remarked that:

Because Delta won’t do it just for Alpha or Beta. They have to make sure to do the things which benefit both Alpha and Beta.

OR

On the one hand, this joint venture is to break the technology barrier and promote the integration of technology. On the other hand, it is created to lower the cost for Beta and achieve economies of scale, this is what Beta can learn from Alpha in this cooperation.

After the creation of Delta, some Alpha managers worked in the joint team with Beta managers without going through Gamma. Interestingly, Gamma was described as the “test marriage” between two organizations. This new joint venture Delta was seen as Alpha’s “formal marriage” with Beta. Our interviewees mentioned that “two organizations were becoming a joint team” and called Beta managers as “our team members”. Thus the new joint venture integrated non-merging identities (Alpha identity and Beta identity). For instance, one of our interviewees mentioned that:

On the one hand, Delta is an organization overcoming this barrier of the technology and the enhancement of exchange and integration of these technologies at the same time. On the other hand, it
is the integration of different business units from two organizations. For Beta, this is a very meaningful thing. That’s a trial and error or an experiment. This is because we also have strengths. The integration will bring about cost reduction for the entire Beta. And it will also be very effective as well.

Notably, except for the agility in organizational structure, Alpha was agile in terms of meeting customers’ requirements. Speed and flexibility were claimed as the soul of Alpha to compete with changing competitors. Specifically, Alpha demonstrated considerable agility to the fast changing Chinese market by responding and fulfilling to customers’ requirements quickly and efficiently. For example, Alpha underwent organizational changes to satisfy the needs of Chinese customers by updating facilities and shortening working processes. Notably, they provided immediate and personalized modification of designed product models if these models failed to meet the customers’ individual needs. The level of agility was much lower (or partly inexistent) in Beta and other competitors. Some of our interviewees mentioned that:

Sometimes yes, (we have) many changes but why? In China, why do we have these changes? We need to catch the customers, the requirement…. And we can change.

OR

If the user says I need something like this. Then my manager will ask the engineer to change it right now, and it can be changed at the fastest time. At the end of the day, the user is very happy about it. Users realize that Alpha can do the things they want very quickly. If you go to any company, you go to ABB, you go to Beta, it’s impossible...so when Alpha loses this kind of flexibility, I feel that this company cannot be alive, it cannot be alive.

3. Construction of Post-merger identification

High identification with improved brand

Chinese managers identified with their organization’s vision of becoming a respected brand in the global market. Most Alpha managers were proud to see a local brand occupying the domestic market and with a target of the global market. Before the acquisition, Alpha was an unknown or even a not respected brand
due to its low-quality products and unsophisticated technology. On one hand, acquiring a western premium brand Beta caused a sensation in the whole industry. Learning advanced technology from Beta via Gamma was helping Alpha get rid of their bad image of poor quality. On the other hand, the Alpha brand was clearly recognized in the market, Alpha launched new products in Gamma to differentiate itself from the local brand. With an improvement of technology, new products launched in Gamma by Alpha received a good evaluation in terms of quality. After the acquisition, Alpha was described as “the new Alpha”, from a status unrespectable to a benchmark in the market. Thus, the vision was seen as highly promising for employees in Alpha and Chinese managers mentioned that they had a strong identification with “the new Alpha”:

I am happy to work for Alpha and I saw the fast development of Alpha, I am proud of the good brand of Alpha, there is a good improvement for Alpha, I really like the developed and post-merger Alpha, nobody likes to fall behind.

OR

We are proud of the development of Alpha, from the old Alpha which was laughed at and unrecognized to a benchmark in the market, we are so proud of Alpha; you will feel so proud when you tell people that you worked for Alpha and Gamma, I am proud that I experience the period and I am the one who contributed to this.

High identification with organizational flexibility

Chinese managers identified with the post-merger organization in terms of the fast development due to Alpha speed and organizational flexibility. Indeed, the organization was described as a highly competitive company which was more agile and efficient than their competitors. One of our informants mentioned:

What I am most proud of... In fact, is that every one of us who are in the industry hopes to see a local brand that can firstly occupy the Chinese market, then go to the world or different markets. I think this is a dream of many people. In fact, we are still on the way to chase this dream, but I believe that one day we will realize it. Because it is indeed that we find Alpha... its culture, and the speed, the flexibility, there are not many companies can keep up. Even for some mature companies, they can't keep up.
Because of this, they had occupied a high market share and realized massive sales goals after the acquisition. Alpha achieved significant improvements that were beyond their own expectation. The organization was described as “rising to a new level after the acquisition”. Alpha owned highly competitive products and capabilities to get more market shares. Thus, a strong pride was shown as one of the contributors to the post-acquisition firm. For example,

*To work hard and expand efforts for the team to create value, this is a thing that I am very happy to do.*

*Since my job appointment in 2010, I have really witnessed the development of Alpha. Correct, this type of a rapid development. Yes, up till to date, just like the topping of the chart for last year’s sales, I felt very proud.*

In sum, Chinese managers showed a high post-merger identification by acquiring technology, entering into new markets and launching high-quality products in a flexible way after the acquisition. Chinese managers identified more and more with their organization comparing with the pre-acquisition organization. One of the employees stated:

*It shows that Alpha has indeed produced its own business card that was made in China with a high reputation. In my opinion... when you mention Japan in the industry, it is known as A company and B company (good Japanese brand in the industry). When you mention Korea, it is C company (good Korean brand in the industry). I hope that, in the future, when you mention China, people will mention us, Alpha.*

**Discussion**

The current findings have important theoretical implications for the study of post-merger identification. Defined as “a formal recategorization of two social groups as one new group” (Van Knippenberg et al., 2002: 234), M&As typically represent dramatic organizational changes for employees. Existing studies suggest that uncertainties about organizational changes in M&As are often relate to employees’ reduced PMI (Amiot et al., 2012). Organizational changes per se is not always a bad thing, but employees’ feeling that “they are still working for the same organization (e.g. their pre-merger organization)” might lost due to
the changes. Rousseau (1998) calls the relevant feeling as a sense of continuity which is essential to maintain PMI (see also Van Knippenberg et al., 2002). The loss of the sense of continuity could make employees disinclined to contribute to the new organization (Colman & Lunnan, 2011) and lead to their low PMI (Colman & Lunnan, 2011; Terry et al., 2001).

Typically, the members from the dominated or lower status organization(s) experience a relatively low sense of continuity (Boen et al., 2006). Colman & Lunnan (2011) explain that the low status pre-merger group tends to face a sense of insecurity and uncertainty about their future organization, as they thought they have to follow the other group’s identity. In turn, the dominant or high status group often have a high sense of continuity, because they have more resources and power to keep their identity (Van Knippenberg et al., 2002).

Interestingly, though the dominant organization may be the higher status group in M&As, Van Knippenberg et al. (2002) differentiated them with a special example (e.g. when a chain of budget stores takes over a prestigious designer store). Addressing this condition, a chain of budget stores is the dominant organization (more powerful) and the lower status group (inferior in terms of design) at the same time. But interestingly, there is no deeper explanation on how this mixed status and dominance will influence employees’ PMI in M&As. This theoretical gap should not be ignored also because of its practical necessity, as less distinguished companies from emerging markets are increasingly acquiring distinguished western companies (Kale, 2004; Luo & Tung, 2007; Rui & Yip, 2008; Sun, 2018), how to deal with the mixed effects of dominance and status on PMI become vital to their success of M&As.

The current findings fill the gap, we found that understanding the organizational identity flexibility could help employees to reconstruct a strong sense of PMI after defining their group as a dominant but low status organization. In our case, on one hand, as the acquirer, Alpha Holding acted as a dominant group because of having more power and financial resources, interestingly, Chinese managers claimed that Alpha (Sub) had no difference with Alpha Holding, “Alpha Holding is just a board of directors, Alpha is Alpha Holding”. Thus, perceiving their organization as the same as the dominant group Alpha Holding, Chinese managers
could easily keep their sense of continuity which will be helpful for building up a PMI. This is consistent with the previous finding that dominant group often have more resources and power to keep a sense of continuity after the acquisition (Van Knippenberg et al., 2002).

On the other hand, Chinese managers perceived Alpha as a low status group compared with Beta, because they had disadvantages in terms of technological know-how, brand and managerial process. That was to say, Chinese managers accepted their low status as rational after intergroup comparisons with the acquired company. This finding is similar to Ellemers, Wilke, & Van Knippenberg (1993) who found that group members considered their low status more acceptable when it seemed legitimate. However, according to Amiot (2007), intergroup comparisons would make the low-status group experience identity threats after the acquisition and it would be difficult for them to achieve strong PMI (see Navis & Glynn, 2010). Our study extends this finding by introducing the role of organizational identity flexibility on PMI for low status groups.

In organizational settings, the term flexibility often takes a form similar to the term structural flexibility discussed by Preece (1986) who defined it as “the extent to which the structure of an organization facilitates or hinders responsiveness of members of the organization to change”. Although the suggestive evidence of flexibility concerning organizations has been presented, the specific notion of identity flexibility has not been well articulated or empirically documented in the organizational literature as it has in psychology. For instance, Grotevant, Thorbecke, & Meyer, (1982) have described the identity flexibility as “the process of deliberate and informed comparison of one’s present identity commitments with other possibilities; that is, the adult’s readiness to initiate an identity change”. Organizational identity has been defined as “stereotypic attributes of an organization that are conferred upon it by those for whom the organization is relevant and meaningful” (Haslam, Postmes, & Ellemers, 2003: 360). Accordingly, as applied to organizational context, we define “organizational identity flexibility” as “flexible acceptance and identification of organizational stereotypic attributes transformation along with organizational statements and environment change”. In our case, the organizational identity flexibility experienced by Chinese managers after acquiring a European
firm was noticeable. Managers felt normal to discuss and accept critical identity changes without resistance. As a low status group, Chinese managers were not threatened by the uncertainties about “which organization they are going to belong to after the acquisition”. They accepted that identities should be non-merged in the beginning. Though acquisition was an opportunity for their (low status) identity enhancement (Boen, Vanbeselaere and Cool, 2006), this would require organizational transformation which typically underwent major changes, it might lead to a low PMI. However, the “DNA” of change was planted in Alpha. For instance, a new organization Gamma was created to connect two separate organizations as a bridge to connect non-merging identity. For the sake of the further synergy, Delta was established to merge two identities. Thus, organizational changes are not threats anymore for Chinese managers, the PMI was constructed.

In addition, the current findings also help us to take a new look at the concept of sense of continuity (Rousseau, 1998). In order to elicit PMI, previous literatures focused mainly on investigating how to avoid organizational identity change and keep the sense of continuity (Iyer & Jetten, 2011; Van Knippenberg et al., 2002). However, M&As inevitably represent dramatic organizational changes. As such, employees are likely to experience a sense of discontinuity or strong ambiguity about their future organizational identity after the acquisition (Terry, 2001). The current findings suggest that “organizational identity flexibility” can help employees to be more immunizing instead of resisting the organizational changes and finally contribute to the PMI. In our case, although organizational changes were happening, the “DNA” of Chinese managers (flexible) kept the same, thus their identity was in fact the identity of change. For instance, Organizational learning was a process of changing, organizational identity flexibility helped Chinese managers from low status group to experience less uncertainties and identity threat after the M&As. In contrast to past findings on Western M&As, the Chinese organization as the acquirer, did not try to keep their continuity based on their advantages (e.g. they are richer, more resource based), on the country, “change is their identity continuity”, they were open to change themselves in terms of technology, organizational processes and structures.
Importantly, prior works investigating pre-merger status/dominance on PMI adopted mainly quantitative methods (Amiot et al., 2012; Boen et al., 2006; Ellemers et al., 1993; Knippenberg, Knippenberg, Monden, & Lima, 2002; Lipponen et al., 2017). From the social identity perspective, this finding extends previous research by using qualitative data to investigate how PMI constructed after a Chinese acquisition of a European organization.

This finding is theoretically important because dramatic changes happen in M&As, resulting in a relative low status or dominance for at least one organization (Kale, 2004). And it is still a puzzle for PMI construction in a dominant but low status group in M&As. It is also practically interesting, as less distinguished companies from emerging markets are increasingly acquiring distinguished western companies, how to deal with the mixed effects of dominance and status become vital to their success of M&As.
Reference


