Mergers and acquisitions are highly prevailing, influential and risky corporate events. The bulk of the literature relating to M&As focus on economic, financial and strategic factors behind these practices and financial performance is taken to be the most common determinant of M&A success. Nevertheless, increasingly the success of organizational combinations has been measured by the reactions of individuals affected by these practices. The purpose of this study is to develop a novel theoretical model that shed light on the interrelationships among varying support practices implemented to reduce employee stress in every phase of M&A process; employees’ justice perceptions and attitudinal and behavioral outcomes.

Mergers and acquisitions are highly prevailing, influential and risky corporate events. The bulk of the literature relating to M&As’ focus on economic, financial and strategic factors behind these practices and financial performance is taken to be the most common determinant of M&A success. Nevertheless, increasingly the success of organizational combinations has been measured by the reactions of individuals affected by these formations. Negative behavioral outcomes associated with these events such as high voluntary attrition rates, absenteeism, employee stress and job dissatisfaction have been found to affect performance of combinations and subsequently reflected in "bottom line" figures.

The purpose of this study is to shed light on the interrelationships among constructs encompassing varying support practices implemented to reduce employee stress in every phase of M&A process; employees’ justice perceptions, and attitudinal and behavioral outcomes on the side of the employees. The paper provides a brief overview of organizational justice construct first, following with the discussion of support practices that affect employees’ justice perceptions during M&A processes. Subsequent to the review of the literature on justice perceptions and attitudinal/behavioral employee outcomes, a novel model which demonstrates the antecedents and outcomes of justice perceptions during M&A processes is introduced.

AN OVERVIEW OF ORGANIZATIONAL JUSTICE

Research on justice in organizations has been a major interest of researchers for over 30 years (Ambrose, 2002). Early research concentrated on distributive justice-the perceived fairness of outcome distributions. In organizational settings, distributive justice research examined the individual perceptions of equity. Adams (1965) has conceptualized fairness by stating that employees determine their perception of fairness in the workplace by comparing their inputs/outcomes ratio to that of their co-workers; As an alternative approach to the Adam's justice theory, which advocated use of an equity-rule determine fairness, several other allocation principles have also been identified, such as equality and need.
Research on fairness in organizations laid emphasis on *procedural fairness* in the late 1980s (Ambrose, 2002). The early research in this area was built upon the work of Thibaut and Walker (1975) and Leventhal (1980). Thibaut and Walker (1975) proposed that when individuals came up with negative outcomes, they would perceive them as more satisfactory if they believed the procedures that determined them were fair. Leventhal (1980) and colleagues extended the notion of procedural justice into other contexts which were not studied by Thibaut and Walker, such as organizational settings. Procedural justice research in organizational context, revealed the prominence of procedural fairness in a wide range of settings like performance appraisal (Greenberg, 1986), budget decisions (Bies & Shapiro, 1988), recruiting (Bies & Shapiro, 1988) and layoffs (Brockner, Grover, Reed, & DeWitt, 1992).

In the 1990s, justice research shifted to another direction as researchers began to examine social side of justice (Ambrose, 2002). Bies and Moag (1986) introduced a new justice construct, "interactional justice", drawing the attention on the prominence of the quality of interpersonal treatment people receive when procedures are implemented. Recently, interactional justice has come to be seen as incorporating two specific types of interpersonal treatment (Colquitt, Conlon, Ng, Wesson, & Porter, 2001). The first type, interpersonal justice relates to how individuals are treated during the implementation of procedures (respect, concern for one's troubles, and treatment with dignity) (Kernan & Hanges, 2002). The second, labeled informational justice concentrates on the explanations provided by decision makers to clarify why procedures were implemented in a certain way or why outcomes are distributed in a certain fashion.

There is currently a debate about the position of interactional justice. Some researchers regard it as a component of procedural justice (e.g. Daly & Geyer, 1994; Dailey & Kirk, 1992) whereas others treat it as a separate form of justice (e.g. Masterson, Levis, Goldman, & Taylor, 2000; Kernan & Hanges, 2002). Even if one presumes that interactional justice is a separate construct, independent from procedural justice, there is another debate over the conceptual separation of interpersonal and informational justice. As an attempt to prove distinction of justice types, Colquitt (2001) recently validated the measures he developed for four justice dimensions in both a university and a field setting. He found that a four-factor confirmatory model reflected the best fit to the data and also demonstrated that the four justice dimensions led to different outcomes.

The conceptualization of justice was incorporated into different organizational studies, concerning the effect of justice perceptions on different work related outcomes, particularly under the scope of large-scale organizational changes. In the case of mergers and acquisitions, organizational justice theories provide prominent theoretical insights regarding how M&A decisions can affect the surviving employees' perceptions, attitudes and behaviors (Seo & Hill, 2005). Research on post-merger employee reactions have demonstrated that employees' justice perceptions concerning the treatments for both survived and dismissed employees in the integration period considerably influenced their attitudes and behaviors (Seo & Hill, 2005).

**ANTECEDENTS OF JUSTICE PERCEPTIONS DURING M&As**

M&As represent large scale and offer sudden organizational change, and consequently create considerable uncertainty amongst employees. (Cartwright & Cooper, 1994). One of the most discussed issues over mergers and acquisitions which reduces
prevailing uncertainty and enhances management's trustworthiness, is communication. Nikandrou, Papalexandris, & Dimitris (2000) suggest that it is not enough to communicate any information regarding the merger or acquisition, or only the more positive, or to share out false information to the employees to temporarily mitigate their stress levels and any negative reactions. Communication must be honest and touched upon the issues that are particular concern the employees (Nikandrou et al., 2000) so as to have an effect on the way employees perceive the integrity of management. Sharing information regarding the changes that will occur in the organization after the merger or acquisition is accomplished and that about their subsequent effects on employees is necessary. Without adequate and particularly useful information, individuals may be uncertain about what specific changes will take place, how a given change will affect their job and organization or how to respond to a specific change (Milliken, 1987). Bruning, Keup & Cooper's (1996) work provides empirical support for the relationship between effective communication and fairness perceptions. Their results demonstrated that employees who were satisfied with the timeliness, accuracy and value of the information provided by the management during a restructuring would develop positive justice perceptions. (Bruning et al., 1996). Kernan and Hanges (2002), in their study of survivor reactions to reorganization, also came up with the similar results supporting the effect of perceived communication quality on justice perceptions.

In the communication process, managers or other decision-makers in organizations may choose to convey employees their justification for the acceptance of an unfavorable outcome during or after the M&A process. Providing a justification regarding mitigating circumstances would propose that the decision maker had no other choice but to act as he or she did and thus that any other person would have behaved similarly (Bies & Shapiro, 1988). As a result, employees find little reason to question the fairness of the decision-making process (Lind & Lissak, 1985). Following that line of reasoning, Bies and Shapiro (1988) proposed and found support for the hypothesis that ratings of procedural fairness would be higher when a justification claiming mitigating conditions for an unfavorable decision was existent than they would be in an identical situation in which no such justification was available.

Another prominent factor that influences the justice perceptions of employees subsequent to the merger or acquisition is participation in decision making. A form of participation, voice, which is defined as the "extent to which an employee-expressed his or her views to decision makers prior to the final decision" (Daly & Geyer, 1994:3) allows people an opportunity to provide inputs to the decision maker (Bies & Shapiro, 1988) and influences procedural fairness judgments to the extent that it enhances trust in the authority and affirms a member's standing in the group. Voice procedures were found to be perceived as fairer than mute procedures, which do not provide participation opportunity, in studies involving participatory decision making (Greenberg & Folger, 1983) as well as performance appraisal and compensation plans (Greenberg & Folger, 1983).

Perceptions of organizational support (POS) may also influence the justice perceptions of employees during merger or acquisitions. Organizational support theory states that the development of POS is encouraged by employees' predisposition to assign the organization humanlike characteristics (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Levinson (1965) contributed to the theory by proposing that actions taken by agents of the organization are often perceived as signs of the organization's intent rather than accredited solely to the agent's personal motives. Thus, in M&A context, specific decisions and actions of managers can be attributed to the new organization. As managers or employee
support teams act as organizational agents, the employee's receipt of favorable treatment contributes to the perceived organizational support (Rhoades & Eisenberger, 2002). Concentrating on the consequences of perceived organizational support among employees, Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades (2001) suggest that POS increases affective commitment partly by creating an obligation to care about the organization's justice. POS may also increase affective commitment by incorporation of organizational membership and role status into social identity (Rhoades, Eisenberger, & Armeli, 2001). The perceptions that the organization values one's contribution and cares about one's well-being evidently meets the needs of self-esteem, affiliation, emotional support and approval (Armeli, Eisenberger, Fasolo, & Lynch, 1998) increasing the organizational commitment. In the case of reorganizations and M&As as well, organizational support for "victims" may be another important antecedent of justice (Kernan & Hanges, 2002). Support for employees who are severely affected by reorganization denotes respect and sensitivity on the part of the management for employees, thereby increasing the perceptions of interpersonal fairness (Naumann et al., 1998).

OUTCOMES OF JUSTICE PERCEPTIONS IN M&A CONTEXT

One of the reasons behind studying justice in organizational settings is the belief that enhanced fairness perceptions can improve the outcomes relevant to organizations. The relative predictive power of procedural and distributive justice perceptions has been particular concern in the justice literature (Colquitt et al., 2001). Leventhal (1980) proposed that the impact of distributive justice on organizational outcomes is generally more salient than that of procedural justice perceptions. He also noted that distributive justice perceptions are likely to be more influential than procedural justice perceptions in determining overall fairness judgments (Leventhal, 1980).

More recently, researchers have contended that distributive justice is likely to have a greater impact on more specific, person-referenced outcomes such as satisfaction with a pay raise or performance appraisal (Colquitt et al., 2001). It was proposed that distributive justice is taken into consideration by employees in the evaluation of a variety of work-related outcomes including pay satisfaction (Folger & Konovsky, 1989), job satisfaction (Dailey & Kirk, 1992) job security (Oldham, Kulik, Ambrose, Stepina, & Brand, 1986), supervision (Oldham et al., 1986) and lay-offs (Brockner et al., 1992). On the other hand, procedural justice is stated to influence more general evaluations of systems and authorities (Greenberg, 1990b).

One of the prominent outcomes affected by the employees' justice perceptions can be stated as the turnover intentions. In the relevant literature, turnover intentions as well as the actual turnover are predicted to relate to both procedural and distributive justice perceptions. As both justice forms indicate that the organization's procedures and distributions are fair, employees' motivation to leave will be reduced (Daly & Geyer, 1994; Konovsky & Cropanzano, 1991). On the other hand, some researchers claim that only procedural justice will be interrelated with turnover intentions since this justice type demonstrates organizational norms of decision making, which are beyond the effect of any specific outcome (Dailey and Kirk, 1992). Accordingly, it can be put forward that as long as procedures and processes are fair, certain negative outcomes would not lead employees to leave the organization.

Another significant outcome shaped by the justice perceptions of employees in organizations is organizational commitment. Commitment has been operationally defined in many ways, but one major stream of research has considered this construct as multidimensional in nature, comprising an employee's loyalty to the organization, willingness to put forth effort on behalf of the organization, degree of goal and value congruency with the organization, and willingness to maintain membership (Bateman & Strasser, 1984). In 1984, Meyer and Allen
proposed a bi-dimensional conceptualization of organizational commitment, labeling the first dimension as affective and the second as continuance commitment (Wasti, 2002). According to their conceptualization, affective commitment stems from positive work experiences, such as job satisfaction and perceptions of fairness, and is associated with favorable outcomes, such as lower levels of withdrawal behaviors and higher levels of organizational citizenship behaviors (Wasti, 2002). Continuance commitment is developed due to lack of job alternatives and 'side-bets' that would be lost in case of quitting (Allen, 1991). In the justice literature, affective commitment was presented as an organization wide outcome and, thus, predicted to be related mainly to procedural justice rather than distributive justice perceptions (Konovsky & Cropanzano, 1991).

One specific outcome of justice perceptions that prevail in reorganized or restructured entities is the employees' *commitment to change*. Conner (1992) defines the commitment to change as "the glue that provides the vital bond between people and change goals" (p. 147); and according to Conner and Patterson (1982), "the most prevalent factor contributing to failed change projects is a lack of commitment by the people" (p. 18). Meyer and Herscovitch (2001) proposed that the three-component model of commitment can be also applied to the concept of commitment to change. There is a significant body of literature suggesting that when the, participants of change perceive the implementation was handled fairly, reactions to change and to the organization would be more positive, enhancing both commitment to change and organizational commitment (Schweiger & DeNisi, 1991; Wanberg & Banas, 2000). Particularly, process fairness has been found to affect both individuals' openness to a specific change and their overall commitment to the organization (Brockner, Konovsky, Cooper-Schneider, Folger, Martin, & Bies, 1994). Several studies have come up with the conclusion that the manner in which management treats and integrates employees during change is a powerful determinant of individuals' reactions to major organizational changes such as mergers and acquisitions (Brockner et al. 1994). Fairness facets of change processes have been stated to involve practices such as prior notification of individuals about the changes and recognition of the difficulties they face (Brockner et al., 1994), being open to and considerate of participants' concerns (Korsgaard, Schweiger, & Spienza, 1995), and providing the opportunity for participation in decision making that can affect ultimate outcomes (Folger, 1989).

Although the literature on correlates of organizational justice is considerably rich, most of the studies were not conducted in merged or acquired organizations. It can be stated that although these reorganization practices give rise to many organizational changes, which employees may judge as unfavorable or hostile - and this, in turn may lead to heightened uncertainty, reduction in post-merger identification and rejection of the imposed common in-group identity (Meyer, 2001) - very little research has been conducted on the effects of employees' justice perceptions on various outcomes in a merger or an acquisition context. Existing studies concentrate on the impact of fairness in the distribution of resources between two parties at the organizational level (Meyer, 2001) or lay emphasis on the effect of procedural justice in the development of common in-group identity (Lipponen, Olkkonen, & Moilanen, 2004). The research questions of whether perceived justice can be used to predict certain work related outcomes (job satisfaction, pay satisfaction, perceived job security, etc.), turnover intentions of employees, their commitment to change and to the organization remain unanswered for the cases of mergers and acquisitions.
PROPOSED MODEL FOR THE ANTECEDENTS AND OUTCOMES OF ORGANIZATIONAL JUSTICE PERCEPTIONS IN M&As

As delineated in the previous section, despite the large number of studies that focus on predictors and consequences of perceived justice in organizations, the interrelationships among these predictors, justice perceptions and organizational outcomes have not been examined in a merger or acquisition context. There is a lack of comprehensive model showing the impact of different HR related practices on employees' justice perceptions and attitudinal or behavioral outcomes of perceived justice M&As. Also, the relationship between two justice outcomes, change commitment and organizational commitment, has not been thoroughly studied and the question of whether these constructs are in a dependence relationship or freely correlate with each other remained unanswered. Finally, the proposition that procedural justice perceptions have a significant impact on distributive justice perceptions was not examined in an M&A context. Serving to the aim of clarifying unexamined relationships among different constructs and answering previously stated research questions, a novel model has been developed (see Figure 1), which demonstrates the interrelationships among different constructs including HR practices implemented to reduce employee stress in every phase of M&As; procedural and distributive justice perceptions of employees and key employee outcomes.

FIGURE 1
Antecedents and Consequences of Justice Perceptions in M&As

According to the presented model, there are four predictors of procedural justice perceptions in mergers or acquisitions. First of all, when the employees are satisfied with quality of communication during M&As, involving the timeliness, precision and usefulness of the information provided by the decision makers and justification for the decisions they have made, employees procedural justice perceptions will be positively affected.

**Proposition 1:** The perceived quality of communication received during the merger or acquisition processes will be positively related to the perceptions of procedural justice.

Given the central role that participation in decision making plays in the enhancement of perceived fairness of procedures, "voice", which allows people an opportunity to provide inputs to the decision makers, is represented as an antecedent of procedural fairness in our model, consistent with the experimental research findings that have affirmed this relationship (Folger, 1977; Kanfer, Sawyer, Earley, & Lind, 1987).
Proposition 2: Participation in decision making, represented by the availability of voice procedures, in merger or acquisitions, will be positively related to the perceptions of procedural justice.

The last antecedent of procedural justice perceptions was demonstrated as perceived organizational support by employees. Organization support theory (Eisenberger et al., 1986; Shore and Tetrick, 1991) helps to explain employees' emotional commitment to the organization. In the case of M&As, the perceptions that the organization values one's contribution and cares about one's well-being may affect the justice perceptions of employees for the implemented procedures. Likewise, organizational support for "victims" may be another important antecedent of justice perceptions (Kernan & Hanges, 2002).

Proposition 3: Employees' perceived organizational support, in merger or acquisitions, will be positively related to the perceptions of procedural justice.

Proposition 4: Employees' perceptions of support for victims, in merger or acquisitions, will be positively related to the perceptions of procedural justice.

The fifth in the proposed model demonstrates that the procedural justice perceptions influence the perceived outcome fairness. Several laboratory studies including the study of Lind at al. (1980) have indicated that outcomes are perceived to be fairer when procedures are viewed to be fairer. In accordance with this specific result, proposition 5 was stated as the following.

Proposition 5: The perceptions of procedural justice in merger or acquisitions will be positively related to the perceptions of distributive justice.

In the case large scale organizational changes like M&As, the impact of justice perceptions on various outcomes will be mediated by employees' commitment to that specific change. In this study, commitment to change is conceptualized as employees' affective commitment to change which denotes to the desire to provide support for the change based on a belief its inherent benefits. Fairness of the procedures (procedural justice) as well as the outcomes (distributive justice) during mergers or acquisitions will improve the employees' commitment to the realized change, which in turn reduce their turnover intentions and improve commitment to the organization. Organizational commitment construct is again conceptualized as the affective commitment employees feel and shown in the model as another factor influencing employees' turnover intentions. At this point, it should be also noted that although one can propose that it is the extent of organizational commitment which determines the level of commitment to change by employees, in a merger or acquisition process, the conceptions of organizational commitment are reconstructed and employees' commitment to the new organization are generally shaped by their commitment to the change process.

Proposition 6: The perceptions of procedural justice in merger or acquisitions will be positively related to the employees' commitment to change.

Proposition 7: The perceptions of distributive justice, in merger or acquisitions, will be positively related to the employees' commitment to change.

Proposition 8: Employees' commitment to change, in mergers or acquisitions, will be positively related to organizational commitment.

Proposition 9: Employees' commitment to change, in mergers or acquisitions, will be negatively correlated with the intentions to leave the organization.

Proposition 10: Organizational commitment will be negatively correlated with the intentions to leave the organization.
CONCLUSION

Despite the large number of studies that focus on predictors and consequences of perceived justice in organizations, the interrelationships among these predictors, justice perceptions and organizational outcomes have not been examined in a merger or acquisition context. With this study, it is aimed to surface significant relationships among different constructs including HR related antecedents to organizational justice perceptions of employees and certain attitudinal outcomes. It is believed that the present study, constructed upon relevant literature will pave the way for theoretical and practical discussions incorporating different perspectives regarding the predictors and outcomes of organizational justice perceptions and the model, when tested, will generate results which are both statistically and practically significant, contributing to the academic and practical fields.
REFERENCES


Unger, H. 1986. The people trauma of major mergers. *Journal of Industrial Management, 10*: 10