



DISTRIBUTIVE JUSTICE,  
PROCEDURAL JUSTICE,  
EXEMPLARITY, AND EMPLOYEES'  
WILLINGNESS TO COOPERATE IN  
M&A INTEGRATION PROCESSES:  
AN ANALYSIS OF THE  
AIR FRANCE-KLM MERGER

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*Although employees' willingness to cooperate is acknowledged as a critical success factor for post-M&A (merger-and-acquisition) integration, we still know little about the psychological mechanisms that lie beneath employees' cooperative attitudes and behaviors in this context. Building on the premises of fairness heuristic theory, this longitudinal study explores how the relative importance of distributive and procedural justice judgments for employees' willingness to cooperate shifts over time. We suggest that when employees lack justice-relevant information on both distributive and procedural aspects of decisions, they will use another temporary heuristic to reduce uncertainty by scrutinizing the M&A-related cooperative behaviors of authority figures. We test our hypotheses on data from a four-time repeated cross-sectional survey of employee responses in a post-M&A integration process. The findings provide important insights into how merging firms can enhance employees' willingness to cooperate through the subtle exercise of justice and exemplarity. © 2011 Wiley Periodicals, Inc.*

*Keywords:* mergers and acquisitions, distributive justice, procedural justice, behavioral exemplarity, fairness heuristics theory, willingness to cooperate

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The human factor, said to play an important role in the success of post-merger integration (Birkinshaw, Bresman, & Håkanson, 2000; Cartwright, 2005; Napier, 1989), remains largely understudied (King, Dalton, Daily, & Covin, 2004; Schweiger & Goulet, 2000; Weber & Drori, 2008). It has been shown that uncertainty generated by merger-and-acquisition (M&A) processes strongly impacts employees'

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reactions and often leads to a lack of employee participation and cooperation, high turnover, and absenteeism, thus endangering the integration process (Buono & Bowditch, 2003; Cartwright & Cooper, 1997; Napier, 1989). The cooperation of employees, defined as their willingness to make additional efforts and invest time to integrate cultures and processes to make the merger actually work (Cartwright & Cooper, 2000), is thus crucial to the success of post-merger integration (Buono & Bowditch, 2003; Haspeslagh & Jemison, 1991; Marks & Mirvis, 2001). However, we still know little about the psychological mechanisms that lie beneath employees' cooperative attitudes and behaviors in M&A contexts (Cartwright, 2005; Weber, Shenkar, & Raveh, 1996). Except for studies of the effect of culture clashes, be they national or corporate (see, for instance, Buono, Bowditch, & Lewis, 1985; Cartwright & Cooper, 1993; Chatterjee, Lubatkin, Schweiger, & Weber, 1992; Weber et al., 1996), most contributions focusing on the human factor in mergers remain prescriptive and are too rarely theoretically driven (Cartwright & Schoenberg, 2006; Weber & Drori, 2008).

Three decades of research (Colquitt, Greenberg, & Zapata-Phelan, 2005) have offered convincing evidence that justice perceptions substantially impact employees' cooperative attitudes and behaviors at work, notably in the context of organizational change (Blader & Tyler, 2005). When em-

ployees feel they have been treated fairly, they are more likely to accept and act upon an authority's decisions as well as to engage in cooperative efforts (Blader & Tyler, 2005; Lind, 2001; Tyler & Lind, 1992). Justice is traditionally defined as a tridimensional concept including distributive, procedural, and interactional justice (Colquitt et al., 2005). Distributive justice is defined as the fairness of outcome distributions. Procedural justice refers to the fairness of decision procedures. Finally, interactional justice focuses on the fairness of interpersonal treatment received during the enactment of organizational decisions. Several M&A scholars have acknowledged the importance of justice judgments during postmerger integration processes (see Citera & Rentsch, 1993; Haspeslagh & Jemison, 1991, Lind, 2001; Novelli, Kirkman, & Shapiro, 1995). However, systematic empirical analysis of justice issues in M&As has been rare, and we know little about how justice judgments are formed, evolve over time, and influence the integration process (Ellis, Reus, & Lamont, 2009). The sparse existing studies are either qualitative (Meyer, 2001) or focus on one single dimension of justice, mainly procedural justice (Lipponen, Olkkonen, & Moilanen, 2004). And none of these studies is based on longitudinal research (Ellis et al., 2009; Klendauer & Deller, 2009; Luo, 2007; Melkonian et al., 2006), a serious methodological issue since attitudinal and behavioral responses are likely to evolve during the different stages of the merger process (Cartwright & Cooper, 1997; Fried, Tieg, Naughton, & Ashforth, 1996; Fugate, Kinicki, & Scheck, 2002). Therefore, longitudinal justice studies adapted to the situational contingencies of real-world contexts are much needed to better understand the complex psychological mechanisms underlying employees' attitudes and behaviors toward the merger over its different stages.

In order to fill some of the aforementioned gaps, we elaborate on fairness heuristic theory (Lind, 2001; Lind, Kulik, Ambrose, & De Vera Park, 1993; Lind & Van den Bos, 2002). We offer a theoretical argumentation and an empirical verification of how the relative importance of the effects of

distributive justice and procedural justice judgments on employees' willingness to cooperate shifts over time. Fairness heuristic theory posits that when employees have to decide whether to cooperate in uncertain situations—notably, in situations of drastic organizational change like M&As—they need to assess the trustworthiness of their organization (Lind, 2001; Lind et al., 1993; Rodell & Colquitt, 2009). In post-M&A contexts, employees need to assess if their cooperation will result in a layoff, an undesired relocation, or other “unfair” outcomes. In order to deal with this uncertainty, employees will use justice judgments as a heuristic to determine the organization's trustworthiness and to decide upon cooperation (Lind, 2001; Lind et al., 1993). Justice judgments that serve as heuristic devices are formed upon the justice-relevant information available to employees, be it about distribution of outcomes or about decision procedures (Lind, 2001). As M&As constitute uncertain and ongoing processes (Buono & Bowditch, 1989; Scheck & Kinicki, 2000; Schweiger & DeNisi, 1991), the possibility to access information on decision outcomes and/or procedures may vary over time—notably, for secrecy reasons (Mirvis & Marks, 1986). Consequently, the relative influence of both kinds of justice perceptions may also evolve over time.

Besides, we argue that in the specific context of M&As, employees may lack information on both outcomes and decision processes, and hence may not be able to easily form a justice judgment. This is likely to be the case during the earlier stages of post-M&A integration, when secrecy prevails and information on decision outcomes and/or processes has not yet cascaded down the hierarchical line (Buono & Bowditch, 1989; Cartwright & Cooper, 1997). During this period, employees will seek other means to reduce this uncertainty (Napier, Simmons, & Stratton, 1989), and use other heuristic devices (Kahneman, Slovic, & Tversky, 1982) to decide upon cooperation. Drawing on research on symbolic action that emphasizes the impact of powerful organizational agents' actions upon the recognition, interpretation, and judgment

processes of organizational members (Armenakis, Fredenberger, Cheronis, Feild, Giles, & Holley, 1995), as well as qualitative interviews in the merger we studied, we suggest that employees scrutinize the M&A-related cooperative behaviors of authority figures to decide upon cooperation (Labianca, Gray, & Brass, 2000). These behaviors offer direct cues that employees experiencing difficulties to form justice judgments can use as default heuristics. They also act as direct behavioral references that employees seeking to adopt a position vis-à-vis the merger can mimic (Bandura, 1986). We define *behavioral exemplarity* as the alignment between the (cooperation) behaviors of authority figures observed during the postmerger process and the (cooperation) behaviors required from employees in this same context.

In brief, the purpose of this article is to investigate the evolving impact of distributive justice, procedural justice, and exemplarity perceptions on employees' willingness to cooperate over time. The friendly acquisition of KLM by Air France provides the empirical setting. We used a repeated cross-sectional research design, and our empirical analyses are based on data collected four times—every six months for two years. The results provide a nuanced picture of the evolving importance of the three predictors and are relevant to strategic management and HR scholars working on M&As, organizational behavior scholars working on justice, and, more generally, to all academics and practitioners interested in the influences of justice judgments on large-scale changes in organizational life. Overall, this article sheds new light on one of the most urgent questions at the intersection of the HR and M&A fields: *How can merging firms gain cooperation from their employees?* We shall respond to that question and show that employees' willingness to cooperate can be enhanced through the subtle exercise of justice and exemplarity.

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## Theoretical Background

### *Justice Judgments: What, When, and Why They Matter*

Justice constitutes a fundamental feature of human life. It is not surprising, then, that the issue of justice has received considerable at-

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tention from philosophers, sociologists, political scientists, legal scholars, economists, psychologists, and management scholars. In organizational studies, justice is traditionally defined as a tridimensional concept including distributive, procedural, and interactional justice (for a historical review, see Colquitt et al., 2005). Distributive justice is defined as the fairness of outcome distributions, and procedural justice is defined as the fairness of decision-making procedures. Interactional justice, defined as the fairness of interpersonal treatment, is similar to procedural justice in that both focus on processes, and the two types of justice have often been collapsed into a single measure in

empirical research (Konovsky & Cropanzano, 1991; Phillips, Douthitt, & Hyland, 2001). More recent work suggests that procedural justice and interactional justice are distinct but correlated constructs (Cropanzano, Prehar, & Chen, 2002): procedural justice has more to do with formal aspects, and interactional justice deals more with social aspects (Folger & Bies, 1989).

More than three decades of research have clearly demonstrated the substantial impact of distributive and procedural justice perceptions on employees' cooperative attitudes and behaviors (Blader & Tyler, 2005). Employees' perceptions of fair treatment promote cooperative behaviors (Lind, 2001) and acceptance of change (Greenberg, 1994), and lead to stronger support for the legitimacy of organizational authorities (Tyler & Lind, 1992). Moving away from the *what* question, justice scholars have recently explored the question of *why* and *when* fairness matters. Fairness heuristic theorists argue that people

especially need fairness when they are confronted with aspects of their lives that make them uncertain (Lind, 2001; Van den Bos, 2001). People use fairness judgments to deal with the anxiety generated by information-uncertainty situations (Lind & Van den Bos, 2002). When people move from uncertainty to certainty, their need for fairness decreases (Van den Bos, 2001).

### *Justice Judgments in Mergers and Acquisitions*

As M&As qualify as very uncertain organizational contexts, it is not surprising that several scholars have stated the likely importance of justice perceptions for post-M&A integration success (see Citera & Rentsch, 1993; Haspeslagh & Jemison, 1991, Lind, 2001; Novelli et al., 1995). One could argue that people always face uncertainties. Yet, as Van den Bos (2001, p. 940) put it, "the uncertainty of whether one will like the new David Bowie album is not the same as uncertainty about layoffs or death." All uncertainties are not of the same kind and cannot be expected to have the same effects. During M&As, employees face major uncertainties, related, for instance, to job loss following restructuring, compulsory functional or geographical mobility, and so on. In brief, employees' justice judgments are likely to be particularly important in M&A contexts.

So far, however, research applying a justice framework to the study of M&As has been rare, and we hardly know how justice judgments form, evolve, and influence employees' attitudes and behaviors during the integration process. Recent studies have explored the role of justice perceptions at the macro level (see Ellis et al., 2009; Luo, 2007) but no direct individual-level data on the micro justice processes have supported the observed relationships (Ellis et al., 2009, p. 155). Some others have studied the effects of justice at the micro level, but these studies are either qualitative (Meyer, 2001) or focus on a single dimension of justice, mainly procedural justice (Lipponen et al., 2004). Finally, to the best of our knowledge, none of the previous quantitative studies are based on

real-time and longitudinal research (Klendauer & Deller, 2009). This may constitute a serious methodological issue since employees' attitudes and behaviors are likely to evolve during the different stages of the integration process (Cartwright & Cooper, 1997; Fried et al., 1996; Fugate et al., 2002), and retrospective judgments are likely to be biased.

In this article, we argue that both distributive and procedural justice perceptions are associated with employees' willingness to cooperate in M&A settings. Several studies have shown that distributive and procedural justice are especially potent predictors of employees' attitudes and behaviors during organizational change (Daly & Geyer, 1994; Lind, 2001), particularly in uncertain environments (Van den Bos, 2001). In recent years, procedural justice has received increasing attention from strategy scholars, especially in the field of M&As (Ellis et al., 2009; Luo, 2007), highlighting the fact that procedural justice affects outcome satisfaction as well as higher-order attitudes like trust and commitment, as well as cooperative behaviors (Kim & Mauborgne, 1993; Tyler & Blader, 2000). Surprisingly, despite its important role in promoting cooperative behaviors, especially in contexts of drastic change (Cowherd & Levine 1992; Törnblom & Vermunt, 1999), distributive justice has been less examined. As M&As are macro events by nature and are frequently implemented by top management, the fairness of the interaction with one's supervisor (i.e., the interactional justice) may carry less weight than procedural or distributive justice on employees' willingness to cooperate (see Ellis et al., 2009; Fedor, Caldwell, & Herold, 2006), and consequently we do not consider interactional justice.

In his study of justice in strategic alliances, Luo (2007) makes a series of arguments that are relevant to our setting. In strategic alliances, as in M&As, the outcomes that are distributed are primarily *group-related* and deal with resource allocation between the firms involved in the merger. Indeed, as long stated in the distributive justice literature, the outcome may be related to either individual contributions (such as a promotion or a pay raise) or group-level contributions (like profit

sharing between partners in a strategic alliance). Building on Luo's (2007) work in a strategic alliance context, we define distributive justice in the specific context of M&As as the extent to which the resource allocation at the level of an *employee's group of reference* (say, his/her *department*) is perceived as fair. Similarly, we define procedural justice in the specific context of M&As as the extent to which strategic decision processes and procedures that impact the gains and interests of an *employee's group of reference* are perceived as fair. In brief, building on extant studies of justice in M&As (Klendauer & Deller, 2009; Lipponen et al., 2004), as well as on insights by Luo (2007) in strategic alliances, we predict the following *baseline* hypotheses:

*Hypothesis 1: Employees' perceptions of distributive justice are positively related to employees' willingness to cooperate.*

*Hypothesis 2: Employees' perceptions of procedural justice are positively related to employees' willingness to cooperate.*

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*In strategic alliances, as in M&As, the outcomes that are distributed are primarily group-related and deal with resource allocation between the firms involved in the merger.*

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While there is evidence that perceptions of distributive and procedural justice may be positively related to employees' willingness to cooperate, as yet we know little about the processes through which employees in M&As form justice judgments. Recent developments of the fairness heuristic theory provide promising answers on when and how justice judgments are formed, and may help us understand employees' willingness to cooperate in different stages of the post-M&A integration process.

### ***Outcome and Procedural Information: When and How Justice Judgments Form***

The underlying assumption of fairness heuristic theory (Lind, 2001; Lind et al., 1993; Lind & Van den Bos, 2002) is that people use

justice perceptions to make decisions about whether to accept the directive of an authority that requires their cooperation. More specifically, they rely on a “fairness heuristic” to determine the trustworthiness of the authority/organization and to decide upon cooperation. Lind and his colleagues (1993, p. 225) define this heuristic as “a psychological shortcut used to decide whether to accept or reject the directives of people in positions of authority.”

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*A fairness heuristic theoretical framework offers a fine-grained approach to the role and influence of justice perceptions on willingness to cooperate over time . . . that suits perfectly the context of M&As in which employees' perceptions, attitudes, and behaviors also evolve over time.*

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process fairness-related information by relying on heuristics, most notably in conditions of uncertainty when important events are unexpected, negative, or both. Fairness heuristic theory is essentially a functional and cognitive approach to the dynamics of justice (Van den Bos, 2001) that is fully consistent with the literature on human judgment under uncertainty (e.g., Kahneman et al., 1982).

A fairness heuristic theoretical framework offers a fine-grained approach to the role and influence of justice perceptions on willingness to cooperate over time (Lind, 2001) that suits perfectly the context of M&As in which employees' perceptions, attitudes, and behaviors also evolve over time (Cartwright & Cooper, 1997; Fried et al., 1996). One of its main contributions is to highlight the importance of the nature of the information (distributive or procedural) that is available *first* to employees in the formation of justice judgments (Van den Bos, Vermunt, & Wilke, 1997). Van

den Bos et al. (1997) proposed that there would be a *primacy effect*, such that the first available information would have a greater impact on fairness judgments than information made available later. In the early formulation of fairness heuristic theory (Lind et al., 1993), information about decision procedures was assumed to be available before information about decision outcomes. For example, the manner in which a court trial

is conducted is usually known much before the verdict becomes apparent, and justice judgments are formed based on the assessment of the procedures. This early theorization guided empirical research, and partly explains why so many studies supported the greater role of procedural justice relative to distributive justice (Ambrose & Cropanzano, 2003).

Later, Van den Bos et al. (1997) reframed the theory and argued that in everyday life, people sometimes learn about outcomes before they are informed about procedures. They present the case of a job applicant who gets recruited and learns only months later that she was competing with other applicants. According to fairness heuristic theory, what people judge to be fair is more strongly affected by information that is first received than by subsequently received information. In a rare longitudinal research, Ambrose and Cropanzano (2003) studied faculty perceptions of tenure and promotion decisions at three stages. Faculty have direct experience with the outcome (promotion and tenure) only some time after the procedures are concluded: here direct experience with the process precedes direct experience with the outcome. Then, procedural justice should exert its maximal predictive value in the early stages of policy administration, while distributive justice should exert its maximal predictive value in later stages. Empirical results fully supported the reframed argument of fairness heuristic theory.

During the early stages of the M&A integration process, in contrast, employees are first confronted with decision outcomes (relocations, layoffs, new allocation of activities among sites/units, etc.) before having access to information about the way such decisions have been made at the apex of the new merged entity (Mirvis & Marks, 1986; Schweiger & DeNisi, 1991). Only top executives—as decision makers themselves—have a direct experience of the decision-making processes before decisions related to post-merger integration are actually implemented and announced throughout the merging firms. Issues related to secrecy, privileged information to unions, protective labor laws,

emergency, and timing all coalesce to hide the decision-making processes from regular employees. Most employees may not have the least idea about decision-making processes and just one day learn about decisions on nominations, layoff plans, or relocations. Building on the previous fairness heuristic argument on the primacy effect, we predict that in early stages of M&As, employees' perceptions of distributive justice will have a stronger impact on employees' willingness to cooperate than procedural justice.

*Hypothesis 3: In early stages of M&As, employees' perceptions of distributive justice are more strongly related to employees' willingness to cooperate than employees' perceptions of procedural justice.*

### ***Information Acquisition and Direct Experience: How Justice Judgments Develop Over Time***

While first impressions are important (Van den Bos et al., 1997), there is also evidence that new or novel information leads people to recalibrate their fairness judgments (Bobocel, McCline, & Folger, 1997). Two factors seem likely to alter the initial relative influence of outcomes and procedures: information acquisition and direct experience (Ambrose & Cropanzano, 2003). The information acquisition argument suggests that as a procedure unfolds, people are likely to learn things they may not have known previously: a full accounting of costs and benefits requires the passage of time. Taking into account the role of information is consistent with research that considers how organizational justice judgments are made (Ambrose & Kulik, 2001). New information, though influenced by initial judgments, is added to the information already stored in the memory. In brief, the process of information acquisition might produce changes in the relative importance of perceived procedural justice and distributive justice predictors.

Direct experience has a different kind of effect. Generally speaking, relationships

between justice perceptions and organizational outcomes are stronger when perceptions are forged through direct experience and weaker when this is not the case (Fazio & Zanna, 1978). For instance, indirect experience such as verbal persuasion is less accessible to memory and less confidently endorsed than direct experience (Fazio & Zanna, 1978). The role of direct experience has been demonstrated elsewhere in behavioral sciences, and well-known examples come from social-cognitive or social-learning theory (Bandura, 1986).

In the later stages of the post-M&A integration, employees at the lower levels of the merging firms are likely to acquire more information and have more direct experience with procedures and outcomes (Marks & Mirvis, 2001; Schweiger & DeNisi, 1991). Subtle processes lead to widespread information acquisition: rumors, internal communication plans, rotation of people from one department to another, and so forth. Moreover, with time, the cascading of decisions and action plans from the top executive level down to top-management, middle-management, and eventually frontline-management levels increases the likelihood that employees in the lower parts of the merging firms directly experience decision processes (Napier, 1989). Additionally, after the initial shock, employees may recognize that merging necessarily implies favorable and unfavorable decisions for both partners, and that what is at stake and important to them is that decisions regarding their unit are made through a fair process. These arguments all suggest that the impact of perceived procedural justice on employees' willingness to cooperate will progressively increase over time.

*Hypothesis 4: In later stages of M&As, the strength of the positive relationship between employees' perceptions of procedural justice and willingness to cooperate increases.*

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*Generally speaking, relationships between justice perceptions and organizational outcomes are stronger when perceptions are forged through direct experience and weaker when this is not the case.*

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### *Missing Information on Outcomes and Procedures: Behavioral Exemplarity as an Additional Temporary Heuristic*

So far, we have assumed that employees experiencing an M&A had access to at least some information related to outcomes and/or decision processes. But this assumption is far from self-evident. M&As are often concocted by a small number of highly powerful stakeholders, and middle and lower management, not to speak of employees, often have no access to relevant information about decision-making procedures (Buono & Bowditch, 1989; Cartwright & Cooper, 1997; Mirvis & Marks, 1986). Many organizational members have difficulty gauging the fairness of merger-related decision outcomes, not to mention the fairness of the merger-related decision process, and decide upon cooperation. This is likely to be the case during the earlier stages of post-M&A integration, when secrecy prevails and information on decision outcomes and/or processes has not yet cascaded down the hierarchical line (Buono & Bowditch, 1989; Cartwright & Cooper, 1997). During this period, employees will seek other means to reduce their uncertainty (Napier et al., 1989). Previous justice studies suggest that in this kind of situation, people start using other types of information to make sense of the uncertainty (Van den Bos et al., 1997), and this process has been labeled *the justice substitutability process* (Van den Bos, 2003). For instance, Van den Bos (2003) experimentally establishes that, under certain conditions, affect may act as a substitute for lacking information on the outcome and process components of justice. Below, we apply the same line of reasoning but suggest another temporary heuristic that may help employees make sense of the uncertainty they face: the *behavioral exemplarity* of relevant others.

In information-uncertain M&A situations, we suggest that employees will scrutinize the behaviors of relevant authority figures and see if they are consistent with the behaviors they (as employees) are expected to display in terms of cooperation (Labianca et al., 2000). Early qualitative interviews con-

ducted in the merger we have studied and research on symbolic action in turnaround situations have emphasized the impact of powerful organizational agents' actions upon the recognition, interpretation, and judgment processes of organizational members (Armenakis et al., 1995). Then, the behaviors of relevant authority figures offer direct cues that employees experiencing difficulties forming justice judgments can use as default heuristics (Lind, Kray, & Thompson, 1998). These behaviors also act as references that employees seeking to adopt a position vis-à-vis the merger can mimic (Bandura, 1986). Because the environment partly determines which behaviors are activated and developed (Bandura, 1986), employees who are able to identify a relevant authority figure in their vicinity—be it their supervisor or a visible executive—whose behaviors in terms of cooperation exemplify what is required at her own level may be more likely to adopt the same behavior. The argument is as follows: if relevant authorities are perceived as enacting the cooperation behaviors that are required from the rest of the organization, then employees could conclude that their organization may be trustworthy and, hence, that their cooperation will not result in a layoff, an undesired relocation, or another unfair outcome. These relevant authority figures may be proximal—for instance, the direct hierarchical supervisor—and/or distal—the CEO(s) and/or visible members of executive committees. By relying on the adopted cooperation behaviors of referent individuals, employees short-cut the search and analysis of information about the extent to which they can “trust” their organization on the fact that their cooperation will not result in negative outcomes. This argument is consistent with the trust literature, in which trust is commonly defined as the willingness to be vulnerable to the actions of others (Mayer, Davis, & Schoorman, 1995). Such trust can be vested by the trustor in an organization or in an individual representing the organization (Janowicz & Noorderhaven, 2006). According to Earle and Siegrist (2008, p. 1395), “trust and fairness are widely assumed to be closely related, with fair treatment of a person or



group by an official or institution leading to a relationship of trust, which in turn leads to cooperation.”

We define “behavioral exemplarity” as the alignment between the behaviors of relevant authority figures observed during the postmerger process, and the behaviors required from employees in this same context. Ethics and organizational behavior literature have emphasized the importance of the behavior of relevant authority figures for employees’ subsequent behaviors (Armenakis et al., 1995; Labianca et al., 2000). Some have specifically called attention to the integrity of authority figures (see Simons, 2002), while others have highlighted their intrinsic attractiveness as role models (see Shapiro, Haseltine, & Rowe, 1978). In our restricted definition, exemplarity does not refer to the integrity (or past integrity) of the manager chosen as reference or his/her attractiveness as a role model, but solely to the ability to enact the behaviors required from all organizational members in the merger context. In other words, a manager may be exemplary in terms of her merger-related behaviors (cooperation) while not specifically being of high integrity or attractive as a role model. Thus, we propose that employees will use the cooperation behaviors of relevant authority figures as a temporary heuristic in order to cope with uncertainty and decide upon cooperation.

*Hypothesis 5: Employees’ perceptions of behavioral exemplarity are positively related to their willingness to cooperate.*

However, like the use of fairness heuristics, we expect reference to behavioral exemplarity to function as a transitional device. With time passing, when they move toward less uncertainty, employees acquire more information on decision-making processes and experience the merger directly. As noted earlier, the formation of justice judgments is more robust when based on direct and proximal information and experience, and the relative importance of behavioral exemplarity is likely to diminish relative to the traditional sources of justice judgments: outcomes and procedures, and, notably, perceived

procedural justice as argued in Hypothesis 4. In brief, we predict the following:

*Hypothesis 6: In later stages of M&As, the strength of the positive relationship between employees’ perceptions of behavioral exemplarity and willingness to cooperate diminishes.*

## Research Setting and Methodology

### Research Setting

In the spring of 2004, the then largest airline group of the world was formed through the friendly acquisition of KLM by Air France. By the time of the acquisition, Air France employed 71,000 employees and had a 17 percent market share in Europe. Air France’s culture is embedded into typically French values of national identity, elitism, and hierarchy. At the time of the acquisition, KLM employed 30,000 employees and had a 10 percent market share in Europe. Due to its historical and geographical heritage, KLM developed a strategic rationale based on cost and predation of connecting customers from neighboring countries. Corporate values include a strong bond to the royal flagship identity, a customer-driven orientation, and a decision process based on consensus. The results of the acquisition have been very positive from the start. Positive annual results were disclosed in November 2005 and November 2006, and synergy realizations were well in advance of the official plan.

### The Research Project

In the spring of 2004, the authors gained access to Air France–KLM for a real-time longitudinal study of human aspects of the postmerger process. We were interested in

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predicting employees' satisfaction with the merger and their willingness to cooperate. To explain these two dependent variables and building both on extant knowledge on human aspects during postmerger integration and early qualitative interviews in the merging firms (around 80 from March 2004 to November 2004), we designed a five-page survey tapping three major dimensions: cultural aspects, justice dynamics, and identification processes. We also conducted 682

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*Since we were not interested in the evolution of employees' individual perceptions over time, but rather in the evolution of relations between constructs, we opted for a repeated cross-sectional survey with independent samples.*

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interviews in 10 countries from 2004 to 2008. While we had permission to use various research methods, for this article, the most important source of data was a survey among employees of both firms. The survey instrument was developed by the authors, with contributions from the companies. The representatives of the airlines played an important role: they helped us simplify the wording of items and align the language used in the questionnaire with the "official" language used by corporate communication services.

Our questionnaire survey was conducted in November 2004 (hereafter, Time 1), May 2005 (Time 2), November 2005 (Time 3), and May 2006 (Time 4). We opted for a repeated cross-sectional survey rather than a longitudinal panel study. First, from a methodological standpoint, we considered issues of *subject attrition* and *panel conditioning*. To date, only one empirical study has

examined postmerger reactions using a longitudinal panel design with at least three repeated measures. In that study, Fugate et al. (2002) surveyed acquired employees of one single site four times every three months and deplored that they lost 80 percent of their initial sample over the one-year period. We anticipated that we would like to survey Air France–KLM employees over an even longer period of time—which we eventually did—and hence feared attrition. Furthermore,

research has shown that "the effect of panel conditioning (e.g., Kalton et al., 1989) in the continued study of a set of respondents is a problem, primarily for microsocial, longitudinal panel designs. . . . Effects of repeated testing may damage internal validity" (Menard, 2002, p. 42). Since we were not interested in the evolution of employees' individual perceptions over time, but rather in the evolution of relations between constructs, we opted for a repeated cross-sectional survey with independent samples. Second, due to ethical concerns, the companies were reluctant to provide biodata and be obliged to explain to the sampled employees that they would be "monitored" over time.<sup>1</sup>

We selected the samples for our survey study in close consultation with the merging companies. The categories of employees that we ultimately selected (1) varied in the extent to which they were influenced by the merger, (2) varied in the type of jobs performed and the educational level of the employees, and (3) reflected the specificities of the airline industry. Our sample consisted of the following departments: *engineering and maintenance* (technical jobs, specific to the industry, relatively low impact of the merger), *cabin crew* (service jobs, specific to the industry, very low impact of the merger), *cockpit crew* (highly specialized jobs, specific to the industry, very low impact of the merger), *ground services* (service jobs, specific to the industry, low impact of the merger), *European sales establishments* (sales jobs, not very specific to the industry, strong impact of the merger; we studied the establishments in Stockholm, Geneva/Zurich, Rome/Milano, Madrid, London, and Frankfurt), *headquarters departments* (various specialist jobs, not very industry-specific, strong impact of the merger; we studied network planning, information services, corporate communication, pricing and revenue management, corporate control, and HRM), and *cargo* (various managerial and commercial jobs, not very specific to the industry, strong impact of the merger).

Each employee received a five-page questionnaire at home or at the workplace, accompanied by (1) a cover letter from the CEO of its company of origin and (2) a letter from

the researchers. Both letters asked employees to cooperate with the study, outlined the nature and expected benefits of the study, and warranted confidentiality of the survey responses. Questionnaires and joined cover letters were available in three languages (French, Dutch, and English), and multiple retro-translations ensured consistency among languages. We provided a prestamped envelope to return the questionnaire.<sup>2</sup> A breakdown of respondents across airlines, categories of employees, and time periods is provided in Table I.

We collected 604 questionnaires at Time 1 (289 from Air France and 315 from KLM); 1,029 questionnaires at Time 2 (525 Air France and 504 from KLM); 1,376 questionnaires at Time 3 (741 from Air France and 635 from KLM); and 1,165 questionnaires at Time 4 (597 from Air France and 572 from KLM). After discarding questionnaires with missing data, we ran statistical analyses, with  $N = 533$  at Time 1,  $N = 913$  at Time 2,  $N = 1,192$  at Time 3, and  $N = 1,019$  at Time 4. At each period, we gathered complementary secondary data and conducted interviews with employees and frontline, middle, and top managers. In so doing, we checked for data consistency, and triangulation was a partial remedy to possible common method bias issues (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

### Measurement of the Dependent Variable

Willingness to cooperate has long been an important outcome variable in the M&A literature. Studying the consequences of cultural clashes, Schweiger and Weber (1992) theorized the relations between acquired and acquiring top management teams and proposed a two-step model capturing both the acquired team's (negative) attitudes toward cooperation and their actual cooperation with the acquiring firm's top executives. Weber et al. (1996) pushed the idea forward and coined a three-item measure of acquired executives' readiness to cooperate—actually a close parent to our own measurement of willingness to cooperate. Weber et al. (1996) used the three following items: “having respondents rate their readiness to help solve problems, their withholding of useful information and their working with the acquiring top managers rather than alone” (p. 1220).

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*Willingness to cooperate has long been an important outcome variable in the M&A literature.*

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Our items, while capturing the same set of ideas, were designed specifically for the study, as mentioned earlier, for two reasons. First, the extent to and manner in which employees were called upon to cooperate with

**TABLE I** Breakdown of Survey Respondents by Airline, Categories of Employees, and Periods

Survey Respondents	AF Round 1	AF Round 2	AF Round 3	AF Round 4	KLM Round 1	KLM Round 2	KLM Round 3	KLM Round 4
Corporate Staff / HQ	79	80	236	168	140	135	131	144
Engineering and Maintenance	84	124	90	59	58	102	98	92
Crews (Cabin and Cockpit)	49	69	150	102	37	137	175	130
Ground Services	11	89	71	55	36	53	42	25
European Sales Establishments	42	117	73	100	37	65	100	91
Other (Cargo) and Unspecified	24	46	121	113	7	12	89	90
Total	289	525	741	597	315	504	635	572

colleagues from the other airline varied substantially over time and across functions, but we had to gauge this construct with a single set of items for the whole study. Moreover, while a lot of research has targeted higher-level managers (for instance, Chatterjee et al., 1992; Lubatkin, Schweiger, & Weber, 1999; Weber et al., 1996), especially those applying a justice framework to M&As (Ellis et al., 2009; Klendauer & Deller, 2009; Luo, 2007), we targeted employees at all levels, and this adds a layer of difficulty: we wanted to be understood by people of all education levels and in several countries in their native languages. Initially we developed a three-item measure, the last one being reverse-coded: (1) *If the cooperation with KLM (read Air France for KLM employees) has an influence on my work, I will do my best to succeed*; (2) *I am open to cooperate with my colleagues from KLM (read Air France for KLM employees) when necessary*; and (3) *I'm not willing to put myself out just to help the Air France–KLM combination*. As can be seen, our first item is conceptually close to the first item by Weber et al. (1996): their “readiness to solve problems” is transposed in our case in a commitment “to do one’s best,” because many of the employees we surveyed are not at such a high hierarchical level to be expected to solve problems. And our second item is very close to the second item from Weber et al. (1996): their “withholding of useful information”—typical of executive or middle to top managers—is transposed into an “openness to cooperate” if necessary—again because the vast majority of Air France–KLM employees do not hold strategic information. Finally, our third item (before reverse coding), “I’m willing to put myself out just to help the Air France–KLM combination,” captures the willingness to make an effort beyond what is expected in one’s job to make the M&A a success. As suggested by Nunally and Bernstein (1994) and Spector and Brannick (1995), we reverse-coded some items so that the same end of a Likert-type scale format is not always the positive pole.

During the pretest phase, our analyses were based on responses filled by Air France employees in French questionnaires and by KLM employees in Dutch questionnaires,

and the reliability coefficient for the three-item dependent variable was fine. However, the final analyses revealed that the alpha reliability coefficients for the four periods of data collection were around .65. Further factor analyses demonstrated that the reverse-coded item lowered the magnitude of the reliability coefficients. We inquired and observed that, while French and Dutch questionnaires targeted native employees in these languages, some of the employees who received the English questionnaire—because they spoke neither French nor Dutch—might not have been sufficiently proficient in English, notably to understand the reversely formulated item. In short, the response to that item may well have been too much of an effort (Ketchen & Bergh, 2004). For instance, this turned out to be the case for several employees working in Eastern and Central European countries.

We eventually decided to proceed with a two-item measure of the dependent variable, and the alpha reliability for the willingness to cooperate construct was .77 (in line with the reported Cronbach’s alpha = .78 for the three-item variable cooperation by Weber et al., 1996).

### *Measurement of the Independent Variables*

As noted by Greenberg (1990), justice perception measures should be specific to the study context. In the specific context of M&As, it is all the more true that several empirical stakes should be taken into account. First, contrary to traditional organizational events that have a known beginning and end (Zacks & Tversky, 2001), M&As are ongoing organizational processes with multiple decision-making events. Employees continuously form justice judgments based on the many outcomes or treatments they receive following merger-related decision-making events. As such, M&A contexts may be defined as multiple-decision events (Colquitt & Shaw, 2005), and capturing justice perceptions thus requires measurement items that take into consideration this specificity (Ellis et al., 2009; Luo, 2007). Contrary to what is assumed in many justice studies, respondents do not rely on one single

well-defined organizational decision, but rather have to refer to a series of them (for a review, see Hollensbe, Khazanchi, & Master-son, 2008).

Second, organizational decisions, especially in the early stages of M&As, often affect primarily organizational entities (i.e., groups, departments, divisions, sites, subsidiaries, etc.) before directly affecting the individual. It is likely that the effects on individual employees become clear only much later. Because individuals often judge policies by how they impact their particular group (Mitchell, Tetlock, Mellers, & Ordonez, 1993), employees' individual perceptions of justice, in particular early in the post-M&A period, develop mainly through the analysis of the decisions and/or treatments that affect their department. Consequently, we instructed the respondents to think about the decisions and changes related to the merger with the following introductory paragraph: "Top management has taken certain decisions concerning the Air France–KLM combination that affect, or may affect, *your department*. In this context, what do you think of the following statements?"

Drawing from the justice (e.g., Greenberg, 1986; Kim & Mauborgne, 1993; Lind et al., 1993) and M&A (e.g., Napier, 1989) literatures, we developed a multi-item construct to measure each justice dimension, all on five-point Likert scales. Specifically, we measured *perceived distributive justice* with a three-item scale that captures the fairness of the decisions that affect both companies. The perceived distributive justice items are the following: (1) *The decisions related to the combination harm neither of the two companies*; (2) *The decisions related to the combination are favorable to [the respondent's company]*; and (3) *On the whole the Air France–KLM agreement is fair*. We measured *perceived procedural justice* with a four-item scale that captures the perceived fairness of various procedures used in making the decisions that affect the employees' department. The perceived procedural justice items are the following: (1) *The management of your department has had sufficient opportunity to communicate with higher management about decisions related to the*

*combination*; (2) *The decisions related to the combination sufficiently take into account the demands put by the work of your department*; (3) *Your department was well informed about the decisions related to the combination which affect its daily functioning*; and (4) *The management of your department has had sufficient opportunity to challenge the decisions taken in relation to the Air France–KLM combination*. Alpha reliability coefficients were .70 and .79 for perceived distributive justice and perceived procedural justice, respectively.

Drawing on extensive qualitative interviews and interactions with senior executives and literature on symbolic action (e.g., Armenakis et al., 1995), we designed a two-item scale to measure *behavioral exemplarity*. During the very early stage of the merger, we interviewed more than 80 employees of all functions and hierarchical levels and asked them whether the outcomes of the decisions related to the merger were favorable to their department, and whether they thought those decisions had been made in a fair way. It became rapidly clear that many respondents readily expressed feelings of (in)justice but did not provide any robust reasons to support their feelings. However, many respondents expressed the following ideas: "Our President behaves in accordance with the principles of the Air France–KLM combination in terms of cooperation: in a respectful, trustful and fair manner" or "my boss, who is himself involved in a synergy group, gives the example by being respectful to his colleagues from the other airline." In brief, even in the absence of information on either outcomes or procedures, not to say direct experience, employees expressed strong judgments of justice and justified them by evoking the (non)exemplary behaviors of important others who provided cues for them to establish their judgments.

From the very early stage of the merger, the presidents had made it clear that values of justice, trust, and respect would be the primary governance principles that would

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*Employees*

*continuously form*

*justice judgments*

*based on the*

*many outcomes*

*or treatments they*

*receive following*

*merger-related*

*decision-making*

*events.*

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determine what behaviors and decisions were considered as adequate to implement the merger. More specifically, all managers were instructed—through formal written guidelines—that *they should lead by example in showing that Air France and KLM employees should cooperate with each other in a respectful, fair, and trustful manner*. Based on these early interviews and extant literature, we eventually coined the behavioral exemplarity construct as the perception of alignment between what is expected from employees in terms of cooperation behaviors and the actual cooperation behaviors adopted by relevant authority figures. The first item focuses on a proximal relevant authority figure (i.e., the direct supervisor of the respondent), and the second item focuses on a distal relevant authority figure (i.e., the top managers of the company). Pretests confirmed that, for all employees in the two airlines, the formal items *The top managers of [the respondent's company] behave in accordance with the Air France–KLM agreement* and *The manager of my department behave in accordance with the Air France–KLM agreement* were synonyms to the longer items: *In their decisions and behaviors, [the respondent's company's top managers] lead by example in showing that Air France and KLM should deal with each other in a respectful, fair, and trustful manner*. Responses were obtained on a five-point Likert-type scale, and the alpha reliability coefficient for the behavioral exemplarity construct was .81.

We first checked the unidimensionality of all explanatory variables by performing exploratory factor analyses. After pooling the data from the four stages, a principal component analysis with Varimax rotation revealed that a three-factor solution best represented the data. The nine items loaded on three factors with eigenvalues larger than one, and these three factors accounted for 68 percent of the variance. As expected, the four procedural justice items loaded on the first factor (with loadings ranging between .58 and .61), the three distributive justice factors loaded on the second factor (with loadings ranging between .50 and .60), and the two behavioral exemplarity items loaded on the third factor (loadings equal to .71

and .72). Then, we assessed convergent and discriminant validity of our constructs by means of a confirmatory factor analysis, with our dependant variable carried out with the maximum likelihood estimation in LISREL 8.54. In a first model, we restricted each item to load on its specified construct, while the four constructs were allowed to correlate freely. All items loaded significantly on their latent variable, demonstrating convergent validity. We assessed discriminant validity by comparing the model in which the latent variables were allowed to correlate freely with a model in which all latent variables were restricted to correlate perfectly. The difference in chi-square between the two models (3840.98,  $df = 6$ ) was highly significant ( $p < .001$ ), demonstrating discriminant validity (Byrne, 1998). Furthermore, we performed pairwise tests of the independent variables and the dependent variable. For each of the three pairs of constructs, a model in which the two latent variables were allowed to correlate freely was compared with a model in which the latent variables were restricted to correlate perfectly. In all cases, the chi-square statistic of the second model was significantly higher than that of the first model, again demonstrating discriminant validity.

As both the dependent and the independent variables in our study have been measured with the same instrument, the results are vulnerable to common method bias (Podsakoff et al., 2003), although this concern may not be so serious as previously assumed (Doty & Glick, 2009). Following Lindell and Whitney (2001), we checked for common method bias by introducing a marker variable. A marker variable should be measured by the same instrument as the scales used in the analysis but should be theoretically unrelated to the variables of interest. We selected *professional identification* as our marker variable. *Professional identification* measures the extent to which the individual employee identifies with his/her profession, and was measured with five items in our questionnaire. As we did not use this variable in our analyses, there seemed to be no theoretical reason to assume a relationship with any of

our variables of interest, and *professional identification* was measured with the same instrument as our variables of interest, so we deemed this to be an appropriate marker variable. We checked the partial correlations between *perceived distributive justice*, *perceived procedural justice*, *behavioral exemplarity*, and *willingness to cooperate*, controlling for *professional identification*, and found that all the correlations between the four constructs remained significant. Based on these checks, we concluded that common method variance does not play a role in our findings. We report the descriptive statistics and indicator correlations matrix for the dependent and independent variables in Table II.

### Control Variables

We included five control variables. *Age* and *tenure*, expressed in log(years), and *gender*, expressed as a dummy variable, control for individual effects. While we do not know of any research explicitly studying the influence of age and tenure on the willingness to cooperate in M&As, most research suggests a positive relation between age, tenure, and another important dependent variable, *organizational commitment* (Mathieu & Zajac, 1990; Meyer, Allen, & Smith, 1993). Age and tenure are positively related to organizational commitment, because senior and experienced workers tend to be more satisfied with their organization, tend to have both higher positions at work and fewer options to get alternative jobs, and tend to have cognitively justified their remaining in the organization (Mathieu & Zajac, 1990). Transposed to our research setting, we do not predict organizational commitment but anticipate the relations between age, tenure, and willingness to cooperate to move in the same direction.

For obvious reasons, age and tenure are strongly correlated. To avoid collinearity issues, we followed the procedure recommended by Aiken and West (1991, pp. 37–39) by taking the log-transform of the two variables and mean-centered both of them before doing the calculations. Second, to assess the risks of multicollinearity, we computed the variance inflation factors (VIFs) for each

equation and each variable (see Neter, Wasserman, & Kutner, 1985). In conformity with acceptable thresholds, none of the combinations of variables put in the model had a VIF value above 3, and none of the individual variables had a VIF value above 10 (Ryan, 1997, p. 133) (the mean VIF is 1.48 for the full model with pooled data over four rounds, and maximal VIFs equal 2.38 for both tenure and age). Therefore, we decided to proceed with the two controls.

*Supervisor*, expressed with a dummy variable, captures whether the respondent supervises people or not. While scarce research has suggested a positive association between supervision and commitment (Salancik, 1977), we make no prediction about the relation between supervision and willingness to cooperate. Finally, *airline* is a dummy variable controlling for the company (1 is Air France and 2 is KLM). Since Air France is legally the acquirer, since Air France is more than twice the size of KLM, and since the CEO of Air France became the CEO of AF–KLM, we expect that employees from the seemingly dominant company will be more likely to cooperate. Table III presents the descriptive statistics and correlation coefficients for all variables.

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*Employees expressed strong judgments of justice and justified them by evoking the (non)exemplary behaviors of important others who provided cues for them to establish their judgments.*

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### Results

In the first step of our analysis we ran a regression with the pooled data from the four periods. Subsequently, we ran separate regressions for each of the four time periods. In all models, we regressed willingness to cooperate on the control variables *airline*, *supervisor*, *age*, *tenure*, and *gender*, and then entered the three independent variables. Table IV presents the results. In all cases the first model with control variables only is very weakly predictive: the  $R^2$ s, which range from .01 to .03, prevent us from overinterpreting the controls. The addition of the explanatory variables significantly increases the quality of the models, with  $R^2$ s ranging from .18 to .21.

**TABLE II** Descriptive Statistics and Indicator Correlations Matrix

	Mean	Min.	Max	SD	PJ1	PJ2	PJ3	PJ4	OF1	OF2	OF3	BE1	BE2	WC1
PJ1 (n = 4,120)	3.22	1	5	1.09										
PJ2 (n = 4,112)	3.02	1	5	1.01	.52*									
PJ3 (n = 4,127)	2.93	1	5	1.11	.45*	.55*								
PJ4 (n = 4,105)	2.67	1	5	1.04	.47*	.40*	.50*							
DJ1 (n = 4,130)	3.07	1	5	1.07	.31*	.36*	.35*	.27*						
DJ2 (n = 4,115)	2.68	1	5	1.02	.16*	.20*	.23*	.21*	.34*					
DJ3 (n = 4,095)	3.27	1	5	.95	.40*	.42*	.43*	.31*	.54*	.42*				
BE1 (n = 4,074)	3.46	1	5	.83	.34*	.31*	.37*	.25*	.31*	.21*	.45*			
BE2 (n = 4,092)	3.43	1	5	.86	.38*	.36*	.50*	.30*	.28*	.20*	.45*	.68*		
WC1 (n = 4,179)	4.20	1	5	.79	.26*	.26*	.26*	.18*	.26*	.13*	.36*	.32*	.31*	
WC2 (n = 4,193)	4.44	1	5	.74	.20*	.19*	.19*	.11*	.23*	.09*	.34*	.27*	.27*	.63*

N = 4,218; n = valid responses after discarding missing values; \* p < .05.

**TABLE III** Descriptive Statistics and Correlation Coefficients—Pooled Data

	N = 4,218	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9
1. Airline		1.49	0.50	1	2	1								
2. Supervisor		0.35	0.48	0	1	-.03	1							
3. Log(age)		3.66	0.24	2.89	4.17	-.10*	.22*	1						
4. Log(tenure)		2.35	0.87	0	5.10	-.12*	.20*	.76*	1					
5. Gender		0.42	0.49	0	1	-.06*	-.15*	-.25*	-.24*	1				
6. Period		2.74	1.01	1	4	-.03	.04*	.02	.02	.02	1			
7. Distributive justice		0	1	-2.51	2.48	-.05*	.07*	.03	-.02	-.03	.02	1		
8. Procedural justice		0	1	-2.35	2.45	-.03	.03*	.01	-.01	.04*	.08*	.49*	1	
9. Behavioral exemplarity		0	1	-3.15	2.01	-.07*	.09*	.08*	.04*	.02	.03*	.43*	.48*	1
10. Willingness to cooperate		0	1	-4.83	0.99	-.09*	.08*	.05	.03*	-.02	.33*	.33*	.29*	.36*

\* p < .05.



TABLE IV Regressions (Dependent Variable: Willingness to Cooperate)

	Baseline Model Pooled Data	Full Model Pooled Data	Baseline Time 1	Full Time 1	Baseline Time 2	Full Time 2	Baseline Time 3	Full Time 3	Baseline Time 4	Full Time 4
Airline	-.20***	-.15***	-.15+	-.04	-.29***	-.19**	-.24***	-.22***	-.10+	-.09
Supervisor	.15***	.07*	.21*	.08	.12	.05	.16**	.10+	.13*	.06
Log(age)	.26*	.07	.67*	.40	.72***	.36+	-.14**	-.26	.21	.08
Log(tenure)	-.05+	-.01	-.16*	-.08	-.13*	-.07	.04	.06	-.05	-.02
Gender	-.04	-.05	.20*	.21*	.00	-.03	-.19***	-.16**	-.02	-.04
Distributive justice		.18***		.22***		.22***		.14***		.16***
Procedural justice		.12***		.03		.05		.15***		.18***
Beh. exemplarity		.22***		.24***		.27***		.19***		.19***
N	3838	3657	549	533	955	913	1274	1192	1060	1019
R <sup>2</sup>	.02	.18	.03	.19	.03	.21	.03	.18	.01	.19
Δ R <sup>2</sup>		.16		.16		.18		.15		.18
F statistic	11.96***	91.67***	3.52**	16.55**	6.59***	30.64**	8.35***	31.43***	2.07+	29.77**

\*\*\* $p < .001$ , \*\* $p < .01$ , \* $p < .05$ , + $p < .10$ .

All significance tests are based on two-tailed tests.

Results from the full model with pooled data suggest that Air France employees seem more willing to cooperate than those of KLM. Holding a managerial position is also associated with more willingness to cooperate. Age, tenure, and gender are not significant. More interestingly, the three independent variables appear very significantly and positively related to willingness to cooperate. Additional  $F$  tests suggested that the coefficients for perceived distributive justice (.18) and behavioral exemplarity (.22) are not significantly different ( $F(1,3647) = 2.40$ ), while they are significantly higher than the coefficient for perceived procedural justice ( $F = 3.79$  and  $F = 11.80$ ). Overall, the full model with pooled data provides strong support for the first, second, and fifth hypotheses: employees' perceptions of perceived distributive justice, procedural justice, and behavioral exemplarity are positively related to their willingness to cooperate.

The repeated cross-sectional design reveals several interesting results. First, the overall proportion of willingness to cooperate that is caused by the three independent variables together remains virtually stable, with an  $R^2$  statistic ranging from .18 to .21. Second, we observe a significant change from Time 2 to Time 3, after about a year of postmerger integration. During the first two periods, the coefficients for perceived distributive justice (.22 and .22) and behavioral exemplarity (.24 and .27) are very significantly positive, and of equal size (at Time 1,  $F(1,524) = 0.07$ ; at Time 2,  $F(1,904) = 0.59$ ). During these early stages, perceived procedural justice is not related to employees' willingness to cooperate. During the last two periods, the three predictors are significantly and positively related to employees' willingness to cooperate, and coefficients are close (.14 and .16 for perceived distributive justice; .15 and .18 for perceived procedural justice; and .19 and .19 for behavioral exemplarity). Further  $F$  tests supported the null hypothesis that their predictive power would be equal: in magnitude terms, employees' perceptions of distributive justice, procedural justice, and behavioral exemplarity have the same predictive power of their willingness to cooper-

ate. These results support the third and fourth hypotheses: in early stages of M&As, employees' perceptions of distributive justice are more positively related to their willingness to cooperate than employees' perceptions of procedural justice; and in later stages of M&As, the strength of the positive relationship between employees' perceptions of procedural justice and willingness to cooperate increases. Altogether, the results strongly support the underlying argument of fairness heuristic theory: in M&As, employees' justice judgments are more strongly affected by the information that they receive first—related to outcomes—than by information received later—related to decision processes, and time is needed for information to reach the lowest levels of organizations and eventually lead employees to revise their early justice judgments.

Taken together, these results provide additional intriguing insights into the dynamics of cooperation in mergers and acquisitions. Since the variance accounted for by the three predictors remains virtually the same over the four periods but the amount attributed to each predictor seems to change over time, what we truly observe is some kind of *substitution* among predictors. To further elaborate on these effects, we ran Chow tests. The Chow test is used to check for the statistical significance of the evolution of the coefficients. Also called the test of stability of the parameters, it measures the equality of the coefficients of two regressions run with different samples or with two subsamples from the same sample. The Chow test is generally used in longitudinal analyses to test changes in the parameters from one period to another (Wooldridge, 2009). Chow test statistics confirm what visual inspection suggests: the coefficients of the three predictors are stable from Time 1 to Time 2 and from Time 3 to Time 4 but are unstable from Time 2 to Time 3. For perceived procedural justice, the evolution of the coefficient is significant at a 5 percent significance level ( $F = 4.36$ ,  $p = .03$ ). For perceived distributive justice and behavioral exemplarity, the evolution of the coefficients is significant at a 10 percent significance level ( $F = 3.15+$ ,  $p = .07$ ;  $F = 2.81+$ ,  $p = .09$ ).

These results provide some support to our sixth hypothesis: in later stages of M&As, the strength of the positive relationship between employees' perceptions of behavioral exemplarity and willingness to cooperate diminishes. Behavioral exemplarity, which we theorized as a temporary heuristic device that employees use to cope with uncertainty, seems indeed to play that role, but its effect lasts longer than we expected: more than two years into the actual integration phase, Air France and KLM employees still rely significantly on referent others' behavioral exemplarity to forge their willingness to cooperate. Given the stability of the variance accounted for by the three predictors over the four periods, and given the significant evolution of the coefficients of the predictors from Time 2 to Time 3, *the overall picture is one of progressive substitution of behavioral exemplarity and perceived distributive justice by perceived procedural justice.*

These empirical results support our theoretical argument: at an early stage, available information relates primarily to outcome decisions and the visible examples set by referent others (i.e., employees' line managers and the visible actions of CEOs). With time and the accumulation of direct experience, however, employees acquire direct information about decision processes. They recognize that outcomes may not always be fair to their department, and procedural justice gains importance to their forming a justice judgment. With the growing amount of direct knowledge about the merger, they end up depending less on the behavioral exemplarity heuristics.

### Contrasting the Perspectives of the Acquiring and Acquired Firms<sup>3</sup>

Extant research on M&As has shown that acquiring and acquired employees' reactions to M&As are very different (see Panchal & Cartwright, 2001). Since Air France–KLM qualifies as a friendly "combination," ranging between a true "merger of equals" and a full-fledged acquisition, it is tempting to further separate data to analyze whether the dynamics of perceived justice and exemplarity

vary between Air France and KLM. Table V reports the results from the regressions (pooled data per airline, then period data per airline).

Overall, the patterns of results typical of each airline fit nicely with the pattern typical of the combination: the overall picture remains one of progressive substitution of behavioral exemplarity and perceived distributive justice by perceived procedural justice. As in the combined analysis, the three independent variables carry an equal predicting power from Time 3 onward. Finally, from Time 2 onward, there is no significant difference in the predictive power of the explanatory variables in the Air France, KLM, and merger equations. That said, results at Time 1 are intriguing and noteworthy. In short, behavioral exemplarity is positively related to KLM employees' willingness to cooperate (.32), while it is not significantly related to Air France employees' willingness to cooperate. Oppositely, Air France employees' willingness to cooperate at Time 1 is entirely due to perceived distributive justice (.40 with the  $R^2$  statistic reaching its maximum .25 among all our models). These findings suggest the existence of alternative psychological mechanisms during the earliest stage of the M&A integration. Within the acquiring and apparently dominant firm, there would be sufficient available information related to favorable outcomes to explain employees' cooperation. In the case of Air France, explicit job guarantees given by CEO Spinetta are likely to have played an important role. Within the acquired and apparently dominated firm, however, employees' willingness to cooperate is indeed partly conditioned by their perceptions of distributive justice (.13), but, knowing that they are more "at risk," *employees may be especially sensitive to exemplary behaviors that would act as sources of reassurance.* In brief, in the earlier stage of Air

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*These empirical results support our theoretical argument: at an early stage, available information relates primarily to outcome decisions and the visible examples set by referent others (i.e., employees' line managers and the visible actions of CEOs).*

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**TABLE V** Contrasting the Acquiring and the Acquired Airlines (Dependent Variable: Willingness to Cooperate)

	AF Pooled Data	KLM Pooled Data	AF Time 1	KLM Time 1	AF Time 2	KLM Time 2	AF Time 3	KLM Time 3	AF Time 4	KLM Time 4
Supervisor	.12**	.01	-.02	.16	.12	.02	.17*	.03	.13	-.05
Log(age)	-.31*	.49***	.18	.66	-.23	.93***	-.43*	-.04	-.31	.62*
Log(tenure)	.02	-.05	-.02	-.16	-.03	-.11	.05	.07	.02	-.10
Gender	.00	-.08	.16	.27*	-.07	.05	-.03	-.32***	.05	-.18*
Distributive justice	.20***	.16***	.40***	.13*	.20***	.24***	.13**	.15**	.20***	.12**
Procedural justice	.15***	.08**	.07	-.01	.09	.01	.17***	.11*	.20***	.16**
Beh. exemplarity	.18***	.25***	.10	.32***	.24***	.28***	.18***	.20***	.15***	.21***
N	1864	1793	246	287	424	489	659	533	535	484
R <sup>2</sup>	.21	.15	.25	.20	.23	.19	.19	.16	.23	.16
Δ R <sup>2</sup>	.21	.15	.22	.18	.22	.18	.18	.14	.22	.15
F statistic	70***	46***	11***	10***	18***	16***	21***	14***	23***	13***

\*\*\*  $p < .001$ , \*\*  $p < .01$ , \*  $p < .05$ , +  $p < .10$ .

All significance tests are based on two-tailed tests.

France–KLM, acquired-firm employees seemed to need and depend more on behavioral exemplarity heuristics than acquiring employees. With time passing, however, and notwithstanding their varying statuses, acquiring and acquired employees increasingly build their willingness to cooperate on the same set of justice and exemplarity perceptions.

### Contributions and Policy Implications

M&As are often perceived by employees as periods of drastic change—and rightly so. And in our contemporary times, drastic changes often fuel the tendency of employees to become more cynical toward their organization and to more frequently suspect a hidden agenda (see Brown & Cregan, 2008). Yet employees' willingness to cooperate is critical to the successful implementation of M&As (Buono & Bowditch, 2003; Haspeslagh & Jemison, 1991; Marks & Mirvis, 2001). This research built upon previous works that emphasized the potential role of justice-related factors in M&A contexts (see Citera & Rentsch, 1993; Lind, 2001). We used a fairness heuristic and uncertainty management theory framework (Lind & Van den Bos, 2002) to develop a set of hypotheses regarding employees' willingness to cooperate. To our best knowledge, the longitudinal respective effects of perceived distributive justice, procedural justice, and behavioral exemplarity have not yet been substantiated in M&As. A narrow set of three predictors—the way referent others behave and the perceived distributive and procedural justice of decisions—explains roughly one-fifth of employees' willingness to cooperate ( $R^2 = .20$ ), a noteworthy result given the range of possible predictors of employees' willingness to cooperate, and a promising perspective for the development of HR practices. Below, we single out three contributions to the justice and M&A literatures, and then focus on policy implications.

First, distributive justice has had a significant and lasting influence on Air France–KLM employees' willingness to cooperate. It was only with time—in this case, more than a

year—that perceived procedural justice progressively emerged as another powerful predictor of employees' willingness to cooperate. These patterns strongly support Van den Bos and colleagues' (1997) argument, according to which what is fair depends more on what comes first than on what comes next. Our findings complement existing yet fragmented evidence. For instance, Lipponen et al. (2004) focused on procedural justice to predict organizational outcomes in mergers. They did not consider outcome-related decisions on the basis that those decisions would be more predictive of individual outcomes, but they eventually acknowledged that focusing only on procedural justice was a limitation (Lipponen et al., p. 404). Our findings underline the need to focus also on distributive justice perceptions, notably during the very early stages of M&As.

As the results indicate, a fairness heuristic theoretical framework offers a more fine-grained approach of the role and respective influence of justice perceptions on willingness to cooperate *over time* (Lind, 2001). It also highlights the importance of the nature of the justice-relevant information (distributive or procedural) that is available *first* to employees in the formation of justice judgments (Van den Bos et al., 1997). As confirmed by our empirical results, when employees are first confronted with information about the outcome before accessing information about the procedure, the impact of distributive justice perceptions on attitudes and behaviors will be stronger than the impact of procedural justice perceptions (Van den Bos, 2001). That is an important theoretical contribution because it challenges the classical assumption that procedural justice has more predictive value than distributive justice (Ambrose & Cropanzano, 2003), irrespective of the context. Our findings thus contribute to the justice literature by empirically supporting that the relative importance of distributive versus procedural justice

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depends on the context specificities as suggested by fairness heuristic theory (Lind, 2001; Lind & Van den Bos, 2002) and later related work (Ambrose & Cropanzano, 2003). It is also empirically challenging in the context of M&As, in which the nature of information available to employees may vary over time (Mirvis & Marks, 1986; Schweiger & DeNisi, 1991)—hence varying concerns and required communication and actions for HR representatives.

Second, M&As often display unique situational features, among which high levels of

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*In M&As, the behaviors of relevant authority figures constitute a vivid and long-lasting substrate on which employees assess the trustworthiness of their organization and decide upon their willingness to cooperate.*

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perceived uncertainty exist. Employees, notably those at the lower levels of the organizations who often remain out of the scope of M&A scholarship work but who enact the daily cooperation, often evolve in a context of missing information and absence of direct experience (Buono & Bowditch, 1989; Schweiger & DeNisi, 1991). Early interviews and research on symbolic action (Armenakis et al., 1995) led us to develop the concept of behavioral exemplarity. In order to cope with uncertainty and decide upon cooperation, employees develop alternative cognitive strategies (Labianca et al., 2000), i.e., transitional heuristics (Kahneman et al., 1982; Van den Bos, 2003). We proposed that the behaviors of relevant authority figures offer direct cues that employees may use as transitional

heuristics to adopt a position vis-à-vis the merger (Bandura, 1986). Our results support that argument: in M&As, the behaviors of relevant authority figures constitute a vivid and long-lasting substrate on which employees assess the trustworthiness of their organization and decide upon their willingness to cooperate. This is all the more true in the earliest stage of M&A and for the apparently “weaker” partner, whose employees feel more “at risk” and are especially sensitive to the cooperative behaviors of referent others.

Practically, our contribution echoes the business press and the multiple anecdotes

on top managers’ behaviors and speeches following spectacular and highly visible mergers and acquisitions, notably concerning the dangers associated with gaps between words and deeds (see, for instance, Daimler-Chrysler CEO Jürgen Schremp’s behaviors and practices following the Chrysler acquisition, disguised as a friendly merger; Vlastic & Stertz, 2000), or, in contrast, the benefits of alignment between discourses and practices (for instance, the comments on Renault’s CEO Louis Schweitzer in his management of the Renault-Nissan alliance; Korine, Asakawa, & Gomez, 2002). In contexts of hyper-skepticism, if not cynicism, about business life, employees often live through mergers and acquisitions with concerns and apprehension, and exemplary behaviors by authority figures may act as a rampart. Exemplarity could act as an antidote against organizational members’ perceptions of excessive “managerialism” in mergers and acquisitions—that is, top management placing its interests and objectives above anything else (Seth, Song, & Pettit, 2002). Air France–KLM CEOs Jean-Cyril Spinetta and Leo van Wijk were convinced from the earliest stage of the merger that their words and deeds would be closely monitored and instrumental in shaping people’s willingness to cooperate. And from the early stages, the entire management line was instructed—through formal written guidelines—that all managers should lead by example in showing that Air France and KLM should cooperate with each other in a respectful, fair, and trustful manner. While we predicted that exemplarity would act as a transitory device, we actually found that its predictive power indeed declined a bit after the first year of the integration process, yet remained as predictive of employees’ willingness to cooperate as distributive justice and procedural justice perceptions.

Yu, Engleman, and Van de Ven (2005) observed that insufficient managerial attention is a key cause for postmerger integration failure. Our findings support their claim and suggest that organizations involved in M&A processes would benefit from a constant attention to justice, because it continuously impacts employees’ willingness to cooperate.

Contrary to what a hardheaded economist might think, justice is not only the “icing on the cake” that provides an additional positive effect as a “luxury good” (Van Den Bos, 2005, p. 292). Justice perceptions are crucial in times of organizational turmoil (Lind & Van den Bos, 2002). Consequently, HR practices related to the dynamics of justice could play a decisive role in supporting employees’ willingness to cooperate over time (see Armenakis & Bedeian, 1999). Specifically, the attention of HR and top management should focus on the perceptions employees develop in relation to the perceived fairness of the decisions concerning their department, and in relation to the perceived fairness of the procedures used to decide upon their department’s future. Moreover, HR practices ought to play a major role in reducing information uncertainty—by releasing information timely and in a way that is intelligible throughout the layers of the organization. Indeed, shaping and supporting perceptions of high distributive justice *and* high procedural justice constitutes a tough HR challenge: it is costly and it requires time, attention, dedication, and energy (Brockner & Wiesenfeld, 2005). If one pursues the argument until its logical conclusion, HR managers and/or managers in charge of organizing the integration process ought to develop instruments for monitoring employees’ perceptions of distributive justice, procedural justice, and exemplarity on a repeated and frequent basis, a costly and time-consuming effort that Air France and KLM indeed committed to, first each on its side and then in a joint effort.

Most employees in most M&As will at some time suffer from decision outcomes that are perceived not to be fair: relocation, loss of prerogatives and decision power, layoffs—there is hardly a limit to the list. Fortunately, justice scholars have long established that perceptions of procedural justice tend to mitigate the negative effects following unfair decisions (for a review, see Colquitt et al., 2005). Our findings fit with this overall framework. At Air France–KLM, it took a bit more than a year for employees to accumulate sufficient proximal knowledge and direct experience about decision processes: distribu-

tive justice perceptions became less important than before, and procedural justice perceptions emerged as significant. When procedural information may not be communicated to employees for secrecy reasons, specific attention should be paid to exemplarity of management. HR officers should support this process by training managers to behave as examples during the process. A possible way to do this is for HR officers to describe precisely which cooperation behaviors are especially called for. For instance, the Air France–KLM integration team edited a booklet that listed guidelines describing the expected behaviors to be adopted or rejected during cross-company meetings, discussions, projects, and the like. In any case, it is important to work beforehand on strengthening justice perceptions at the group level to maximize the chances of success, by showcasing positive organization attributes and the best behaviors (Hollensbe et al., 2008).

Our contribution is not without limitations, and each of these invites further study. We collected the independent and dependent variables with the same instrument and thus, and in spite of our post-hoc analyses suggesting the opposite, our contribution may face some common method bias risk. However, though not exploited for this study, we conducted a series of qualitative interviews between September 2004 and September 2006 to triangulate our data. Our experience in conducting these interviews is that respondents can and do distinguish between their assessment of distributive justice, procedural justice, and managerial exemplarity on the one hand and their willingness to cooperate in the merger on the other. We did not consider the third important dimension of justice in our study—namely, interactional justice—and further studies should explore its influence on employees’ willingness to cooperate aside distributive and procedural justice. Finally, we did not include in our study other

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antecedents of willingness to cooperate like individual differences and, at a more macro level, the extensiveness of the change (Caldwell, Herold, & Fedor, 2004), and further research should explore their respective explanatory power.

Boundary conditions also apply and may limit the generalizability of our findings to hostile takeovers. Oppositely, our findings may apply to other interorganizational contexts in which radical organizational discontinuities occur. They could be, for instance, of interest to HR scholars and practitioners interested in organizational change reactions from employees. The general message from our study, that employees' willingness to cooperate is influenced by perceptions of distributive justice, procedural justice, and behavioral exemplarity, is likely to be true across a range of organizational situations. The same is likely to be true for our finding that employees use the sources for justice judgments that are available to them at a given moment.

## Notes

1. This sentence is an understatement: a thorough understanding of the diverse codes of ethics and labor codes that prevail in the different countries that we surveyed—especially in Europe—is needed to understand the reluctance of the airlines. We wish to mention two illustrative examples. In France, it is forbidden for a company to give the private home address of employees to third parties without their formal and written agreement. Providing biodata would have been a breach of the ethical and labor codes. That said, in France, management can support surveys of our kind by discretion, provided the survey is sent to the home address *from the company*. Germany is a different case. We surveyed employees from the KLM and Air France airlines, working both in passenger and cargo activities. Due to the specifics of Germany—namely, the so-called Mitbestimmung governance structure—we had to negotiate with the German unions to obtain their agreement prior to surveying employees working in Germany. *In short, empirical research on real international M&As raises a number of complex methodological as well as ethical issues.*
2. For some departments at KLM (cabin crew, cockpit crew, and ground personnel), we used a third distribution mode: we distributed the questionnaires personally in order to make sure that we would have an adequate response from these categories of personnel. Because of this mix of distribution procedures, it is impossible to calculate an overall response rate. For the subsamples that were sent to home addresses, the response rate averaged around 25 percent. For the departments where the questionnaires were distributed internally, the response varied between close to 100 percent for some departments in some rounds to around 20 percent. Finally, for the questionnaires that were handed out to cabin crew, cockpit crew, and ground services agents, it is not possible to calculate a reliable response rate, because not all potential respondents contacted were willing to receive a questionnaire. Overall, we distributed about 300 questionnaires to both cabin and cockpit crew members from KLM in each round, and the number of responses for these categories varied between 36 and 99, suggesting a response rate between 12 and 33 percent. For ground services, the response was comparable.
3. We wish to thank one reviewer for pushing us into exploring this additional perspective.

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