UNDERSTANDING VOLUNTARY TERMINATIONS
FOLLOWING A MERGER ANNOUNCEMENT

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This two-part, exploratory study was designed to better understand voluntary resignations of employees during a merger. First, 30 former employees of an acquired company were interviewed to ascertain reasons for their attrition, factors that may have retained them, attractors to their new companies, and opinions on uncertainties and the adequacy of communication during the merger. Second, using chi-square functions, archival data of the 370 employees who resigned during the merger were compared to employees who resigned prior to the merger and to employees who stayed through the merger.

Uncertainty, culture change, morale change and other merger-related causes were major reasons employees resigned. Reasons for resigning similar to past studies of attrition (i.e.: salary, future career opportunities) were also reported but not as frequently as merger-related reasons. Inadequate communication to employees during the merger was associated with an increase in uncertainties about the merger, the most prevalent reason for attrition. The findings validate past studies suggesting that preemptive communication during mergers may decrease uncertainties. Interviewees reported factors that prevented them from departing from the company sooner, the main factor being their manager. The majority of interviewees reported that nothing would have retained them after they found their new positions. Some suggested that a greater amount of honest communication, large bonuses or less uncertainty may have retained them, but only for a short time.

Attractors to new companies were found to be analogous with reasons for resigning during the merger. Analysis patterns of departure were ascertained from archival data. These patterns were related to the assumed and then planned work-site closures.
Prospective site closures influenced the rate at which employees departed from certain company divisions and work-site locations. Additional archival analysis suggests differences in attrition patterns between employees are congruent with their yearly performance review rating. Those employees with the highest rating were more likely to remain with the company while those rated above average, were more likely to resign. This study suggests that inadequate communication over the phases of a merger contribute to employee attrition and merger-related uncertainties.
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CHAPTER I
INTRODUCTION

Personal Statement

My first doctoral study internship was at “CompRx”, a medium sized pharmaceutical company. The day before my interview for the intern position, CompRx was shaken by a hostile takeover bid by a larger biotechnology company. I was very excited by the prospect of experiencing a merger and acquisition (M&A) while studying for my doctorate in organizational psychology. I was hired as an intern and a month later started at CompRx.

In the month between my interview and start date, CompRx had courted “BioComp”, another biotechnology company, to acquire it in an effort to stave off the hostile takeover. BioComp was culturally similar, was based in the same country, and had made promises of not dismantling CompRx which was the intent of the first buyer. These aspects prompted CompRx to court BioComp. Becoming one of the largest pharmaceutical companies in the world was an expected outcome of the merger for BioComp. A major disadvantage of the merger was inadequate planning prior to its inception; no agenda of merger sequences was formulated before the acquisition. Decisions about the alignment of products, people, and processes were made as the merger progressed. Most of the merger plan was designed within the first few months of
the merger, but was modified throughout the merger. Because the plan was ad hoc it resulted in delays of major decisions, including leadership selection, structure of the company, work-site closures, and employee selection. Despite these challenges, the combined company reached its expected joint profitability by the end of the merger; the merger was financially successful (Dow Jones, n.d.).

As a student of organizational psychology the prospect of being part of a human resources (HR) department during a merger was ideal. It provided me the opportunity to read and study about mergers while observing the happenings personally. M&A topics I investigated included: increase in stress, increase in reported illnesses, the breakdown of communication through rumor mills, and the need for increased communication about merger events. I witnessed anxiety, stress, and confusion of employees, all while reading studies which reported these as employee reactions to mergers (Fugate, Kinicki, & Scheck, 2002; Marks, 1997; Schweiger & Denisi, 1991; Terry & Callan, 1998).

My dissertation is the product of my observations on coworker attrition. One of my first projects at CompRx included identifying and tracking positions that were most crucial to have filled and employees who were most valuable to retain. The idea for the project started prior to the merger as a way to identify positions most critical for succession planning. The project was repurposed when the merger commenced. I worked with lists of employees – high performers and those in critical positions. It quickly became apparent to me that the employee lists changed regularly. Every two weeks my lists needed to be updated to delete those employees who had resigned during that time. I was unaware whether the observed attrition was normal compared to CompRx’s premerger departure rates or to general attrition trends expected during mergers. To
ascertain information about merger attrition I referenced past research. I was unable to find research literature on reasons employees voluntarily resign during mergers. Previous research conducted on M&As focused on employees who were retained by companies (Carey & Ogden, 2004; Fugate et al. 2002; Marks, 1997; Schweiger & Denisi, 1991; Tuttle, 2005). Literature focused on employee attrition was readily available (Chartered Institute of Personnel and Development [CIPD], 2007; Mitchell, Holtom, Lee, & Graske, 2001; Robinson & Dechant, 1997; Smither, 2003; Thornton, 2001). However I was unable to find research on voluntary resignations during a merger. Nearly two years later, with support from my CompRx manager, the company accepted my proposal to interview their former employees who resigned during the merger.

Throughout the dissertation process, my dual roles of internal employee and external doctoral student researcher helped and hindered my project. My dual roles impelled my investigation process using my personal knowledge of the companies, the merger timeline, and internal processes. As a part of HR I had access to internal documents and regular interactions with many coworkers intimate with the merger plan. Company information, along with my knowledge of internal systems and processes, were used to plan, execute interviews and analyze the results of this study. My dual roles are further examined in the discussion chapter.

My choice of dissertation topics is interesting on many levels: personally, professionally, and for the company for whom I worked. In addition to these reasons, this study is investigating a new area, expanding the research field on mergers by focusing on employees who resigned during a merger. My hope is that this study enhances and
amplifies the literature on M&As, change management, and reasons for employee attrition, thereby assisting companies who are merging.

Merger Background

M&As have become an important business strategy in recent decades (Andrade, Mitchell, & Stafford, 2001). A merger is defined as any combination of two or more business enterprises into a single enterprise (Merger, Dictionary.com, 2008). One company purchasing a majority interest in another company results in an acquisition (Acquisition, Investopedia.com, 2008). This section explores M&As with special interest in the need for communication during mergers and differences that have been found over the duration of mergers.

According to Hurtt, Kreuze, Sheldon, and Longsam (2001) mergers happen for three main reasons: to increase competitive aptitude and ability to increase market share, to concentrate on a core business or businesses, or to expand product profile or geographic distribution of products. Many books and articles have been written about executing successful M&As from a financial or business standpoint (Andrade et al., 2001; Ashkenas, DeMonaco, & Fansis, 1998; DePamphilis, 2010) to human capital prospective (Ashkenas et al., 1998; Carey & Ogden, 2004; Galpin & Herndon, 2000; Hanson, 2001; Schmidt, 2002). Fewer than half of all mergers meet their financial expectations (Carey & Ogden, 2004; Corporate Leadership Council [CLC], 2006; Schmidt, 2002; Tuttle, 2005). One study found that only 21 percent of acquisitions across industries could be viewed as a clear success; nearly 80 percent were either disappointing or clear failures (Schmidt, 2002). Research studies about mergers often focus on the
financial outcomes of M&As (Andrade et al., 2001; Ashkenas et al., 1998; DePamphilis, 2010). However, human capital issues often obstruct mergers’ success. In a CFO Magazine survey of chief financial officers from the Forbes 500 companies (the 500 largest companies in the United States by sales), the top ten “roadblocks to achieving synergies” during a merger were: “incompatible cultures; inability to manage targets; inability to implement change; nonexistent or over-estimation of synergies; lack of anticipation of foreseeable events; a clash of management styles; overly-high acquisition premium; an unhealthy acquisition target; need to spin off or liquidate too much; and an incompatible marketing system” (Schmidt, 2002, p. 62). This list includes human capital reasons such as company culture, change implementation, synergies, and management styles. Early identification of and response to human capital integration risks is critical to success during mergers (Carey & Ogden, 2004; CLC, 2006). A famous unsuccessful merger which failed largely due to human capital reasons was between America Online and Time Warner in 2000. During the merger the combined company did not move swiftly enough to resolve culture and management conflicts that arose between the companies. Within three years of the merger, top leadership had resigned, the company inflated stock prices by overstating revenues, and the combined company had a $100 billion loss (Carey & Ogden, 2004; Tuttle, 2005). Increasing the focus on human resources at an earlier point in the merger and concentrating on human capital needs helps increase the likelihood of a successful merger (Carey & Ogden, 2004; Tuttle, 2005). Having a greater understanding of human capital requirements during mergers may help companies increase the probability of success.
Because of the financial consequences of an unsuccessful M&A many companies are predisposed to defer potential human relation problems such as culture clashes and assume they will be resolved over time (Carey & Ogden, 2004; Schmidt, 2002). However, loss of profitability and revenue result from M&As not being fully completed. Reasons for incomplete M&As include: rising costs, unclear reporting relationships, technological inefficiencies, and lower revenue gains (Tuttle, 2005). As M&As unfold they appear to take place very quickly, but some parts of the merger such as communication cannot occur quickly enough (Carey & Ogden, 2004; Hurtt et al., 2001). Having a prepared merger plan in place before beginning to combine companies facilitates communication during the merger, the day-to-day operations, the vision and structure of the combined company, and human capital integration. Creating complete merger plans are critical in achieving the desired merger outcomes (Carey & Ogden, 2004; CLC, 2006; Schmidt, 2002). Involving HR early in the merger process can expedite this result. HR and human capital needs are generally overlooked during the first steps of mergers and are instead addressed retroactively. Involving HR earlier in the creation of a merger plan can help facilitate communication during the merger and the focus on human capital issues (Carey & Ogden, 2004; CLC, 2006; Schmidt, 2002).

Merger Communication

“To let go of the past, employees need to understand the future. To help them understand the future, leaders must show and articulate the vision, share the plan of how to get there, and have short-term and long-term goals to move people in the right direction” (Hanson, 2001, p. 182). To facilitate the progression of these goals, companies need to adequately communicate with their employees. Lack of communication between
upper management and employees is a factor that has been associated with turnover in both merging and non-merging companies (Carey & Ogden, 2004; Fugate et al., 2002; Hurtt et al., 2001; Marks, 1997; Schweiger & Denisi, 1991; Thornton, 2001). Effective communication in companies across all industries (not undergoing M&As) produces 26 percent return on investment to shareholders (“Good communication”, 2004). This same article reported that among 1,000 U.S. workers, “only 51 percent believe their employer generally tells the truth; 19 percent believe the opposite” (p. 6). When trust, openness, and respect are present in communication, employees perceive their companies as communicating adequately. (Riolli & Savacki, 2006). Adequate communication plays a vital role in business regardless of whether or not a company is experiencing an M&A.

Mergers complicate communication (Carey & Ogden, 2004; Fugate et al., 2002; Schweiger & Denisi, 1991). After a merger is announced fear permeates all levels of employees – from top to bottom – with questions about the merger (“Firms strive,” 2004; Fugate et al., 2002; Marks, 1997; Schweiger & Denisi, 1991; Smith & Kerr, 1953; Terry & Callan, 1998). At the beginning of M&As executive teams generally isolate themselves to manage the situation at hand rather than communicating with company employees. This separation provides employees time to project their own reality of the situation (Carey & Ogden, 2004; Hurtt et al., 2001; Marks, 1997; Thornton, 2001). Even when the companies need to convey negative news (i.e., layoffs, work-site closures), employees experiencing M&As need truthful communication (Ashkenas et al., 1998; Carey & Ogden, 2004). This truthful communication may contain unknown factors about the merger, but an increase in honest communication squelches rumors. Improper or limited communication contributes to employees creating their own perceptions of mergers
through rumors or “water cooler” conversations. At the beginning of M&As rumors can run rampant causing a decrease in morale, comfort level, and enthusiasm. Rumors also cause an increase in uncertainties, anxiety, and attrition (Ashkenas et al., 1998; Carey & Ogden, 2004; Hurtt et al., 2001; Marks, 1997; Thornton, 2001). In the months following merger announcements, employees begin to worry about the security of their jobs (CPA Managing, 2004; Marks, 1997). There is a rise in stress (Schweiger & Denisi, 1991; Terry & Callan, 1998), physical illness (Marks, 1997), absenteeism (Schweiger & Denisi, 1991), a decrease in the perception of control (Fugate et al., 2002; Marks, 1997; Schweiger & Denisi, 1991), a lessening of employee commitment (Marks, 1997; Schweiger & Denisi, 1991), and diminished intentions to remain with the organization (Schweiger & Denisi, 1991). Employees use work-time to contemplate the impact that mergers will have on their jobs, to talk with coworkers about information and rumors, and to begin searching and applying for new jobs (Fugate et al., 2002; Marks, 1997). In a study by Terry and Callan (1998) of a merger of unequal organizations, additional stress and more concern over the impact of the merger was reported by employees of the organization perceived as the lesser of the two. Sufficient communication is one factor that has been shown to reduce negative behaviors in employees during a merger (Fugate et al., 2002; Marks, 1997; Schweiger & Denisi, 1991).

Truthful communication can help employees cope with uncontrollable situations by reducing uncertainty and increasing the perception of control. This is true even when the communication is negative (Fugate et al., 2002; Schweiger & Denisi, 1991). The effects on employees of different amounts of communication during a merger were observed in a case study by Schweiger and Denisi (1991) involving a company in the
process of a merger. In this study, two company sites were assigned to receive different levels of communication beginning three weeks after the inception of a merger. The control site received all regular communication from the company while the experimental plant received an increase in realistic and complete merger information in addition to the regular communication. Three days after open communication was initiated at the experimental plant, there were significant differences between the work-sites. Employees at the experimental site had significantly fewer uncertainties and significantly higher job satisfaction, commitment, and perceptions of the company’s trustworthiness, honesty, and caring. Three months after an increase of communication started, employees at the experimental plant persisted in the significant trends stated above. In addition they rated significantly lower on global stress and absenteeism, and significantly higher on self-reported performance. This study suggests that not only do companies need to communicate about mergers, but they also need to increase open, honest, and complete communication (Schweiger & Denisi, 1991).

*Phases of a Merger*

In longitudinal studies employee fears and uncertainties have been observed to change over the duration of mergers (Carey & Ogden, 2004; Fugate et al., 2002; Marks, 1997; Schweiger & Denisi, 1991). Observing these changes over time, Fugate et al. (2002) identified four stages during a merger: the anticipatory stage, initial change stage, stage of final change, and aftershock.

*Anticipatory stage.* The first phase is the anticipatory stage which begins approximately one month after a merger announcement. During the anticipatory stage there are no changes due to the merger, although employees begin to speculate the ways
in which the merger will impact them (Carey & Ogden, 2004; Fugate et al., 2002). The greatest number of uncertainties and adverse affects of the merger are reported in the first stage of the merger. According to Schweiger and Denisi (1991) in the two weeks following a merger announcement there are significant increases in global stress, perceived uncertainty and absenteeism, as well as significant declines in job satisfaction, commitment, and perceptions of the company’s trustworthiness, honesty, and caring. In another study employees reported “headaches, cold and flu symptoms, sleeplessness, and increased alcohol and drug usage” in the early stage of a merger (Marks, 1997, p. 269). In companies utilizing limited communication there is a significant decline in employees’ intentions to remain with the company (Schweiger & Denisi, 1991). Fugate et al. (2002) reported that perceived control is lowest during this anticipatory stage. Perceived control is critical in employees’ coping with and response to change. The anticipatory stage is the first stage of a merger and is characterized by no organizational changes, but high anxiety and many perceived merger-related uncertainties.

Stages of initial and final change. The next two stages are initial change stage and stage of final change. The majority of changes being made in the company during merger, including layoffs and restructuring, occurred during these stages. According to Fugate et al. (2002) there are fewer uncertainties during these stages as employees become more aware of the workplace changes being made and the ways in which they will be affected by these changes. During these phases perceived social support from family, friends and coworkers significantly decreases. This decline occurs during the most stressful stages of the merger as employees cope with the changes being made between the anticipatory and final change stage (Fugate et al., 2002). Employees react
differently to mergers depending upon the amount of communication they receive during these phases. In companies with little communication employees have more uncertainty and significantly lower job satisfaction, self-reported performance, commitment to the company, and perceived company trustworthiness and honesty. In companies with a greater amount of communication, the results are opposite. These trends are pervasive through the remainder of the merger depending on the amount of communication about the merger employees receive (Schweiger & Denisi, 1991). Perceived control increases during the initial change stage, remaining stable through the final stage of change (Fugate et al., 2002).

Aftershock stage. The last stage of a merger is the aftershock stage. This period is characterized by unexpected final merger-related changes to the work place. It is during this stage that those who remained through the merger, the merger survivors, are presented with changes that may occur months after the initiation of the merger. Merger survivors responded negatively to these unexpected changes. During the aftershock stage perceived control is highest (Fugate et al., 2002).

The Current Study

This study began as a simple inquiry into attrition during an M&A. It has since evolved into an exploratory study expanding merger research in another direction. Through the analysis of archival and interview data, the merger knowledge base has been extended. According to Emerson, Fretz, and Shaw (1995, p. 168), “analysis is less a matter of something emerging from the data, of simply finding what is there; it is more
fundamentally a process of creating what is there by constantly thinking about the import of previously recorded events and meanings.” The primary investigator uses past research, data from the interviews and archival data, observational data from experiences within the company, and knowledge of events during the merger to describe the merger experience for those who resigned during a merger.

This study represents the first study of merger attrition with a population of employees who resigned during a merger. To better understand the topics analyzed in the present study, chapter two presents relevant research and the hypothesized outcomes of the study based upon the research presented. Chapter three explains the methodology used in the current study. The analysis of the study results are presented in chapter four. This includes analysis of the archival and interview data, and two interviewees’ case studies. The final chapter is the discussion, which further analyzes the results of the study compared to past studies. The discussion is completed with an assessment of implications for future research and practical considerations.
CHAPTER II
RELEVANT RESEARCH

The current study focuses on employees who voluntarily resigned during a merger. It was designed to investigate a gap in M&A research – investigating employees who voluntarily depart rather than those who remain through mergers. This chapter begins with an investigation of the research supporting this study: employee attrition, retention, and attraction to companies; and differences between demographic group trends. Relevant theories used to analyze the data are presented next. Finally the hypothesized results of the current study are stated. These are related to the supporting research presented earlier in this chapter.

Literature Review

*Employee Attrition, Attraction, and Retention*

General trends in research on employee attrition, retention and attraction to new companies are explored below. Factors that impact these three trends are often the same or similar. Trends are presented separately under broader themes, but some ways in which they interact are also discussed. Limited research with companies undergoing mergers has been conducted concerning these trends. The research presented below is based on trends from non-merging companies.
Attrition. Voluntary attrition or turnover is “the unplanned loss of workers who voluntarily leave and whom employers would prefer to keep” (Frank, Finnegar, & Taylor, 2004, p. 13). On average U.S. turnover across all industries is about 15 percent per year (Thornton, 2001). Employee retention makes business sense because it reduces unnecessary expenditures due to recruiting, hiring, training, administrative, and productivity costs. In addition to the above costs associated with attrition, organizations lose company knowledge, reducing their ability to meet business goals (CIPD, 2007; Smither, 2003). These costs generally total around 18-months salary for each manager or professional who departs and six-months pay for each hourly-paid employee who resigns (Thornton, 2001). With the cost of replacing quality employees and their business knowledge (CIPD, 2007; Mitchell et al., 2001; Robinson & Dechant, 1997; Smither, 2003; Thornton, 2001) and the shrinking workforce from which to draw new talent (CIPD, 2007; CLC, 2006), retaining talent and minimizing turnover makes business sense even during more volatile economic times.

Employees resign from organizations for a variety of reasons: compensation, future career opportunities, retirement, working conditions, quality of manager, job stress and impact on health, number of working hours, job security, and lack of a collaborative work environment (Carey & Ogden, 2004; CIPD, 2007; CLC, 2006; Jackson et al., 1991; Smith & Kerr, 1953; Westcott, 2006). The focus of these studies was on reasons for employee attrition from companies in general, not during times of change or mergers. Turnover has been associated with poor communication both during mergers and separate from them (Carey & Ogden, 2004; Fugate et al., 2002; Marks, 1997; Schweiger & Denisi, 1991; Smith & Kerr, 1953; Terry & Callan, 1998; Thornton, 2001). According to
one study, “companies that communicate most effectively are more likely (51.6%) to report turnover rates below those of their industry peers (33.3%)” (“Good communication”, 2004). Although inadequate communication is not cited as a direct reason for departures in past studies, it may be related to attrition.

*Company attractors.* Attractors are features that influence employees to join companies. Employees join companies for opportunities and rewards, but commit to and remain with companies because of their coworkers and the organization itself (CLC, 2006). The top-rated attraction drivers include compensation, benefits, future career opportunities, organizational stability, work-life balance, development opportunities, job-interests alignment, location, perceived employee management, company ethics, and respectful company culture, (CIPD, 2007; Corporate Executive Board Company [CEBC], 2006; CLC, 2006). Compared to other countries, compensation and benefits are especially important in attracting employees in the U.S. (CLC, 2006). Companies advertise some of their attractors during the recruiting process and through their everyday company image. This is often called an employee brand or employer value proposition, the manner in which a company markets itself to potential employees (CIPD, 2007; CEBC, 2006; CLC, 2006). This marketing is important for companies because failure to accurately reflect an organization during the recruiting process by inflating unwarranted expectations can reduce employee commitment by as much as 20 percent (CIPD, 2007). Even in times of high unemployment it is advantageous for companies to hire employees that are compatible to a job and their company (CIPD, 2007). Once employees are attracted to companies, retention is vital.
Retention. Employee retention is related to factors including commitment to a company, job satisfaction, the company environment, and competitive compensation (CEBC, 2006; Eisenberger, Hutinton, Hutchinson, & Sowa, 1986; Eisenberger, Stinglehamber, Vandenberger, Sucharski, & Rhoades, 2002; Flowers & Hughes, 1973; Harris & Cameron, 2005; Hurtt et al., 2001; Levinson, 1965). The most frequently cited steps implemented by companies for retention of employees were “increasing learning and development opportunities (38%), improving the induction process (36%), and improving selection techniques (35%)” (CIPD, 2007, p. 3). Two of these three steps occur before an employee is hired or within the first few months of being employed. This is not surprising due to many factors of attraction and retention being similar (CIPD, 2007; CEBC, 2006; Flowers & Hughes, 1973). Once an employee is part of an organization, commitment and job satisfaction become important factors in retention (CIPD, 2007; Flowers & Hughes, 1973; Harris & Cameron, 2005).

Many studies cite commitment to an organization as a key factor for employee retention (CIPD, 2007; Flowers & Hughes, 1973; Harris & Cameron, 2005). One study referred to it as the “10:9 rule” – for “every ten percent improvement in commitment can decrease an employee’s probability of leaving by nine percent” (CIPD, 2007, p. 33). Attributes which drive commitment are also ones which are associated with attraction: development opportunities, future career opportunities, job-interest alignment, reputation of senior leadership, respect, and company culture, ethics and innovation (CIPD, 2007; Flowers & Hughes, 1973). Other commitment characteristics are more exclusive to retention: manager quality, people management, collegial work environment, job satisfaction, empowerment, and recognition (CIPD, 2007; Flowers & Hughes, 1973).
Because commitment factors are so closely linked to attractors, retention actually begins during the recruiting process. According to Harris and Cameron (2005), employees who highly identify with and have high commitment to a company are significantly less likely to have intentions of resigning. Commitment, which starts with the recruitment process and continues through employment, is an important factor in retaining employees.

“People who are satisfied with their jobs will stay, while those who aren't will leave” (Mitchell et al., 2001, p. 97). Job satisfaction is a large part of employee retention. Factors associated with job satisfaction include: adequate compensation and benefits, achievement, recognition, responsibility, managers and satisfactory supervision, growth and opportunities for promotion, work environment, clear roles, and interest in job tasks (Flowers & Hughes, 1973; Mitchell et al., 2001). Some of these factors are also associated with commitment. Job dissatisfaction is associated with job stress, repetitive work, role ambiguity, role overload, and inadequate compensation, benefits, or other rewards (Mitchell et al., 2001). Increasing or maintaining job satisfaction and commitment at high levels increases employee retention (CIPD, 2007; Flowers & Hughes, 1973; Harris & Cameron, 2005; Mitchell et al., 2001).

Employees have a tendency to remain with a company until some force causes them to reassess their situation and resign (Flowers & Hughes, 1973). Employee retention through times of change such as M&As may be difficult because the changing situation can be the force that impacts employee commitment and job satisfaction (Fugate et al., 2002; Schweiger & Denisi, 1991). Employees’ commitment or identification with their company may be challenged by a changing situation, perceived or real, which can increase turnover (Fugate et al., 2002; Schweiger & Denisi, 1991; Terry & Callan, 1998).
Within two weeks of a merger announcement, there is a significant decline in employee job satisfaction and commitment to a company (Schweiger & Denisi, 1991). During many M&As and times of change, the most desirable employees with the strongest resumes are the first to depart (Carey & Ogden, 2004; Delong, Gabarro, & Lees, 2008). Preventing unwanted turnover of key employees helps minimize loss of company knowledge and minimizes uncertainties during the merger for other employees (Hurtt et al., 2001). Companies need to identify talent early in mergers and truthfully communicate the status of the M&A to these employees. These employees need to be informed of their importance and possible positions in the merging company (Carey & Ogden, 2004). An increase in communication about the merger is an important part of any M&A plan (Carey & Ogden, 2004; Fugate et al., 2002; Schweiger & Denisi, 1991). Reduction in employee compensation is a major employee fear that occurs during M&As. During M&As compensation issues arise most with employees who believe they are underpaid. These employees who question their compensation levels are some of the first who resign during mergers. Communication must be adequate during this time to nullify concerns about compensation and other issues (Carey & Ogden, 2004; Hurtt et al., 2001). As addressed earlier, compensation is related to company attractors, job satisfaction and commitment (Carey & Ogden, 2004; CEBC, 2006; Flowers & Hughes, 1973; Hurtt et al., 2001). By addressing employee compensation and other job-related fears quickly, more valuable employees may be retained through mergers.

Differences between Demographic Groups

Demographic groups display differences in attractors, reasons for attrition, retention factors, and general trends. This section highlights differences between
demographic groups. Diverging research of demographic groups within the United States are presented below, including: gender, race/ethnicity, age, and years of tenure.

Gender groups. When examining factors that drive attraction and retention, compensation is the most important factor for each gender group. These groups do differ in other factors. Although each sex rated compensation as the most important factor, only 49 percent of women rated it as most important compared to 54 percent of men. For men the following factors were major influencers in their attraction and retention: compensation, future career opportunities, organizational stability, work-life balance, developmental opportunities, and job-interest alignment. Compensation is an important factor for women, but only slightly more than these other attractors and reasons for retention: work-life balance, organizational stability, future career opportunities, respect, health benefits, and job-interest alignment (CLC, 2006). The attractor and retention differences between the sexes are largely due to women being the primary caregivers in home (Robinson & Dechant, 1997).

Disparities between the genders are found in industry attrition rates. Women (37%) are more likely than men (24%) to voluntarily stop working at some point during their careers (Hewlett, Luce, & Schiller, 2005). Hiatuses from jobs occur to spend more time with children, by virtue of sufficient income with one earner, due to lack of job satisfaction, to spend time with other family members, or as a result of professional stagnation (Desvauz, Devillard-Hoellinger, & Baumgarten, 2007; Robinson & Dechant, 1997). For women who remain with and are promoted in companies, their careers are often placed before their families. These women, unlike their male counterparts, generally experience a greater number of career obstacles as they advance (Desvauz et
al., 2007). Barriers to women’s success in companies include: preconceptions and stereotypes of women’s abilities and roles, lack of female role models in leadership positions, failure of companies to promote women, lack of experiences needed for promotion, exclusion from informal networks, lack of mentoring, and personal and family responsibilities (Catalyst & Conference Board [CCB], 2002; Pettersson, Talley, Pritchard, & Karbe, 2007; Robinson & Dechant, 1997). When assessing potential for growth within a company, females look for role models in leadership positions. In the absence of female role models, 64 percent of females perceive achievement of success and upward movement in a company as difficult (CCB, 2002; Robinson & Dechant, 1997). Perceived future career development is a reason for employee attrition, possibly influencing women’s decisions to resign (CIPD, 2007; CLC, 2006; Westcott, 2006). Women in leadership positions often facilitate the promotion of other females into leadership roles. It is difficult for other women to advance in companies without women in leadership positions (Gwin & Lim-O’Brien, 2006). Once in leadership positions females have a higher rate of attrition than their male counterparts (Pettersson et al., 2007). Perceived impediments in career growth for females impacts their attrition differently than males.

Racial groups. Reasons for differences in attrition between racial groups are similar to those found between gender groups. Like women, people of color look for role models in leadership positions and are more successful when provided with mentoring relationships. Success with mentors is due to the tendency of managers to provide less coaching and feedback to women and people of color compared to their white male counterparts (Robinson & Dechant, 1997). The turnover rate among people of color is 40
percent higher than the rate for whites (Robinson & Dechant, 1997). To fully engage themselves at work, low-status company members such as people of color or women need to feel secure about their standing. Unless they perceive their value in the workplace, their attendance, dedication, and job performance decline (Robinson & Dechant, 1997). This need of engagement is at all levels of the hierarchy. According to Jackson et al. (1991) executive groups that are more homogeneous have lower team turnover. This is significant for not only racial differences, but also age, gender, and experiences outside the industry. Similar to females, attrition among people of color is greater than their white counterparts. Feedback and mentor relationships impact attrition by increasing perceived support and company value for people of color.

*Age groups.* Different factors attract and retain employees, although compensation is the most important factor across all age groups (CLC, 2006). For those who are in the younger age groups (below 40) future career opportunities, work-life balance, organizational stability, and developmental opportunities are most important for attraction and retention. Career development becomes less important while organizational stability, health benefits, work-life balance, retirement benefits, respect and job-interest alignment are rated highest for attraction and retention of employees over the age of 40 (CLC, 2006). This research was performed at one point in time and therefore is possibly affected by two trends: life span development and generational differences.

According to life span developmental researchers D. L. Levinson, Klein, M. H. Levinson, and McKee (1978), men’s thirties are spent developing career competence and a career path. Being less experienced at this age, they seek opportunities in which they will learn and have potential for growth and advancement. During one’s thirties, structure
is given to career and personal aspirations while long-range goals are pursued. A more active control of one’s career is taken at 30 (Desvaux et al., 2007). If the career formation is disrupted or deficient “it will produce strains and pressures toward change” (Levinson et al., 1978, p. 140). Companies benefit in that this group of employees under the age of 35 are more likely than those over 50 to rate company information as truthful (“Good communication”, 2004). In general young professionals stay at companies or jobs only until a better opportunity comes along (Delong et al., 2008).

During mid-life transition, forty through early fifties, men build more structure and meaning into their lives (Levison et al., 1978). This period is highlighted by exploration and change, but may manifest in developing careers and relationships. For many men, work delineates their character; they aspire to create a lasting legacy. This age group desires their accomplishments to impact future generations. A realistic view of past achievements enables a man to create a plan for his gift to future generations. If his plan has been developed and includes the current work situation, he may be less likely to resign from this plan or company. During his forties a man may remain with a company to complete his work to extend his legacy (Levison et al., 1978).

The period of middle adulthood is from around 45 to a man’s early sixties when the late adult transition begins. During middle adulthood transition, age 50-55, men continue to work on the tasks of creating their legacy which started in middle adulthood. A period of stability happens from age 55-60. Throughout this time men continue to develop and modify their plan for enrichment of their lives and leaving their legacy. Late adult transition, ages of 60-65, ends the middle adult period. Tasks of middle adulthood are concluded and men prepare for retirement. This period from 50-65 is a time for
fulfillment and consummating the plan for leaving a lasting legacy. Life span
development as described by D. L. Levison et al. (1978) may explain some of the
differences between age groups.

Generational tendencies may also explain the differences between the age groups
(Braly, 2009; CIPD, 2007; CLC, 2006; Joinson, 2007; Lang, 2000; Zemke, Raines, &
Filipczak, 2000). Those in their thirties and early forties are part of Generation X, GenX
or Xers, those born between the years 1966 and 1980. Those born between the years 1955
and 1965 are part of Generation Jones, GenJones or Jonesers, representative of those in
their approximately late forties to fifties (at the time of the study). The third generation
observed in this study was the Baby Boomers or Boomers, those born between 1945 and
1955. Gen X has a survivor mentality which is characterized as being loyal to oneself
rather than a company. They are expected to have more than eight career shifts in their
lifetime and work for numerous employers (CIPD, 2007; CLC, 2006; Joinson, 2007;
Zemke et al., 2000). As Xers work, they look for “the three P’s – professional career,
personal life, and phun” (Joinson, 2007, p. 3). When a job inhibits these three, GenX
change their situation. There is a tendency for Gen X, those employees who are 30 to
early forties, to be more loyal to themselves than a company.

GenJones is sandwiched between the Baby Boomers generation and GenX. This
group is not well defined, but is seen as a separate group from the generations around it.
Jonesers are “jonesing” or have a strong craving and a passionate yearning for the utopia
portrayed when they were children in the 1960s. As adults this ideal was not their reality.
Unlike Xers who are characterized as working against the system, Jonesers work with the
system to meet their needs and implement change through their actions. As Jonesers
reach middle age, they are taking stock and reassessing their lives. Jonesers have years of work experience behind them, but are in the middle of their careers and are young enough to change jobs, careers and move to new cities if needed (Braly, 2009; Lang, 2000).

Baby Boomers are the generation born during the ten years following World War II; the boom or influx of children born after troops returned home. The sheer volume of people in this generation meant that it altered society through time (Hall & Richter, 1990; Zeitz, 2005). Baby Boomers are characterized by thinking of themselves as special, being on a quest for personal satisfaction, and believing the world will improve with time (Hall & Richter, 1990; Zeitz, 2005). In the 1980s when Boomers were in the beginning to middle of their careers, they were described as “a young, hostile, cynical workforce that holds high opinions of itself . . . is not easy to manage, efficient, loyal, or very receptive to change” (Hall & Richter, 1990, p. 9). According to Obama (2007) Boomers present themselves as being highly personal and individual. Their individualism has influenced everything in society from the workplace to politics in the past 50 years (Hall & Richter, 1990; Obama, 2007; Tahmicioglu, 2007; Zeitz, 2005). Boomers have modified the workplace through their values and actions relevant to their values, larger self focus and striving for a work-life balance, need to question authority, and need for autonomy (Hall & Richter, 1990; Tahmicioglu, 2007). The work place is again being affected as Boomers approach their retirement years. For some Boomers retirement will be postponed. This will maintain their relevancy in the changing world and will provide them with income and health care. Over 69 percent of Boomers expect that they will work beyond the traditional retirement age of 65 (Tahmicioglu, 2007). The results of Boomers remaining in the workplace beyond 65 and the dynamics between the
generations at the workplace are unknown. As Boomers age, the working population will be older than it has ever been. Many managers and upper levels of companies are occupied by Boomers. A leadership gap may be left in the workforce as Boomers begin to retire, with few younger employees being prepared to take on these leadership roles (CIPD, 2007; Hira, 2007; Tahmincioglu, 2007). Boomers moving through their careers have created workplaces that are focused more on the individual employees and personal values. As Boomers transition into retirement age, some will choose to retire and others will remain working for some time. Both decisions will impact the workplace in unknown ways. Employees from different generations have dissimilar motivations and have tendencies to act differently from each other in the workplace which may account for some differences between reasons for attraction and retention.

**Company tenure groups.** Tenure is defined as the duration of holding a position (Tenure, Dictionary.com, 2010). Commitment to a company often strengthens over time which impacts attrition and retention trends. New employees or those with shorter tenure have lower levels of commitment to their company. Lower levels of commitment are associated with a greater tendency for turnover (Thornton, 2001). Harris and Cameron (2005) found that employees with longer tenure with companies indicated a lower inclination to depart. Retention of employees is due in part to their commitment to an organization; employees’ commitment increases over time. Employees who have worked for an organization longer are significantly less likely to report an inclination to resign and are more commitment-oriented (Thornton, 2001).
**Relevant Organizational Psychology Theories**

*Boundaries.* Boundaries are indispensable, invisible barriers that regulate contact between and within systems. According to Alderfer (1980), “boundaries regulate transactions between the system and its environment, and determine what is inside and outside the system” (p.269). Because they regulate what is in or outside of a system, boundary theory can be used in times of redefining company boundaries such as during a merger. Boundaries vary from rigid to diffuse with optimal boundedness being somewhere in the middle, but different for each system. Rigid or impermeable boundaries can result in disengagement or detachment by individual employees, subgroups within the company, and/or the company with other companies and systems. Diffuse boundaries can result in enmeshment or conjoining of these same groups. Healthy systems are ones with an optimal degree of boundedness or separation from the environment, other systems, and between subsystems (Alderfer, 1980).

Boundaries need to be more permeable between merging companies. With more permeable boundaries companies are able to combine into one entity. However, mergers often result in more rigid boundaries between the employees of the two companies (Carey & Ogden, 2004; Fugate et al., 2002; Schweiger & Denisi, 1991). This manifests itself in the form of in-group bias (Harris & Cameron, 2005; Terry & Callan, 1998). In-group bias is “favoring the in-group over the out-group” or “a response that may be due to in-group favoritism and/or out-group derogation” (Terry & Callan, 1998, p. 67). Employees of an acquired company in particular are more likely to have in-group bias or an “us versus them” response to the purchasing company (Harris & Cameron, 2005;
Terry & Callan, 1998). Rigid boundaries between employee groups of two companies inhibit the merging process by creating in- and out-groups.

*Use of self through embedded intergroup relations theory.* The use of self is the manner in which the researcher uses herself as a tool during analysis. Through her reactions and interactions with the system and representatives of the system, she is able to collect additional data about the organization. This is because of the reactions individuals, groups, and systems have with the researcher during each contact. According to Alderfer (1986) reactions are based upon the groups which the researcher represents. “Every organization consists of a large number of groups and every organization member represents a number of these groups in dealing with other people in the organization” (p. 204). There are two types of groups: identity and organizational. Identity groups are ones into which one is born into such as race/ethnicity, gender, or generation. Organizational groups are generally chosen, assigned, and/or endowed including profession, job grade level, or education. Interactions between individuals, groups, and systems are based upon the interactions between group memberships. The researcher is viewed through her group memberships of age, gender, race/ethnicity, perceived socio-economic status, or occupation as some examples. The manner in which the individual, group, or system reacts to the researcher is based upon their previous experiences with the groups represented by the researcher. This is also impacted by the way in which the system treats various groups. An organization with a history of inhibiting or promoting a group of people will be reflected by its subgroups’ and individuals’ interactions with that group. For instance, if an organization values and promotes those who are more educated, then individuals and subgroups within the system are more likely to respond toward this
interactions between groups happen within the macro-systems in which they are embedded. These super-systems include the company (global BioComp), industry (biotechnology), country (U.S.), and world as examples. Further influencing the groups interactions are the values and norms of these macro-systems. Analyzing the reactions to the researcher by individuals and groups from the system provides additional insight into the system (Alderfer, 1986).

The Current Study

The current study examines reasons employees resigned from a company which was in the process of a merger. CompRx, the company whose employees were studied, was acquired or bought by BioComp. By definition this merger was actually an acquisition. It is referred to as a merger because BioComp decreed it as a “merger of equals”. For consistency with the language utilized by BioComp, the term merger is used in this study. However, CompRx employees are at times referred to as the employees of the purchased or acquired company.

Many studies have examined employees who remain with companies during mergers (Fugate et al., 2002; Schweiger & Denisi, 1991; Terry & Callan, 1998) or employees who resign from companies not undergoing mergers (CIPD, 2007; CLC, 2006; Hanson, 2001). However, there have been limited studies of employees who resign during mergers. This study was designed to fill the research void by focusing on employee attrition during a merger. During the interviews, former employees were asked for reasons they resigned, if any accommodations could have prevented their departures,
and for attractors to their new companies. Additional information was sought concerning
the merger, the adequacy of communication, and their uncertainties during the merger.
Archival information was analyzed to determine if the population who resigned during
the merger was different from or similar to employees who departed before the merger or
those who remained with the company.

Because this study is exploratory in nature, hypotheses do not need to be
presented, but some predictions are presented below. Predicted outcomes of the study are
based upon the research of employee attrition, demographic group differences and trends
during the phases of a merger. Below are three predictions.

*Reasons for employee attrition.* One goal of this study was to determine if there
were common factors influencing employees’ reasons for resigning during the merger.
This query included whether the former employees had thought about resigning prior to
the merger, reasons for their departure, and if there was a specific catalyst in their exit. It
was hypothesized that reasons for turnover would likely include reasons similar to
general studies on attrition. Merger-related issues were also expected to be factors in
employee resignations. Merger-related attrition trends may include adverse perceptions of
the buying company, negative outcomes expected to result from the merger, or beliefs
that the work situation would change in unfavorable ways. Because the necessity for
sufficient communication has been reported in past studies of mergers, interviewees are
expected to report inadequate communication as influencing their resignations.
Resignations are expected to include reasons similar to results from past studies on
attrition with the addition of merger-related factors.
**Prediction One:** Resignation reasons reported by interviewees will include trends presented in past studies of attrition and additional trends not previously reported in studies, but related to the merger.

**Phases of the merger.** In longitudinal studies of mergers, different trends are often reported over the course or phases of the merger. In this study the merger timeline was divided into three merger phases based upon the research of Fugate et al. (2002). Participants were placed in a merger phase depending upon their date of termination. Trend differences are expected to emerge between participant groups based upon the phase in which they resigned. Merger phase differences are hypothesized to occur in the archival data and in all sections of the interview data.

**Prediction Two:** Trend differences in both the archival and interview data will be found depending upon the phase of the merger during which participants resigned.

**Demographic group differences.** As previously described, there are differences between demographic groups in employee retention, attractors, and attrition trends. Data result differences are expected between demographic groups in this study, including: gender, race/ethnicity, tenure with the company, and age groups. Significant differences are expected in both the archival data and interview data.

**Prediction Three:** Differences in reported and observed trends in the interview and archival data are expected to occur between demographic groups.

Overall the results are expected to include: a further understanding of employees who choose to resign during the merger, their thoughts on the merger, a greater
understanding of the merger’s impact upon employees’ decisions to terminate, and factors that may have retained them. Information about the need for open and honest communication during mergers and its impact on the merging process may augment past studies on merger communication. Data collected from this study will expand current literature on mergers.
CHAPTER III
METHODS

Participants

Identification and Selection

The subjects were former employees of CompRx located at company sites within the United States. CompRx was a medium-sized, global pharmaceutical company acquired by BioComp, a larger, global biotechnology company with a subgroup in pharmaceuticals. The names of the companies have been changed and some identifying information excluded or altered slightly to protect confidentiality. The data collected from BioComp (see Appendix A for the Letter of Authorization from BioComp) included former CompRx employee names, last known home addresses, last known phone numbers, type of termination (i.e., voluntary or involuntary), termination reason (i.e., death, resignation, retirement, etc.), employee classification (i.e., intern, fixed-term employee, long-term disability, etc.), expatriate indication (i.e., foreign or American citizen), former work-site location, preference to not be contacted in the future, and termination date. The above information was collected for two reasons. First, data were collected for the purpose of contacting potential participants in this study (names, addressed, and phone numbers). Second, defining data (type of termination, employee
classification) were collected to ensure the population interviewed met the criteria defined below.

Only those employees who voluntarily resigned from CompRx were asked to participate. Exclusion of terminated or fired employees was necessary for the focus of the study; these employees would not be able to answer all questions in this study. Employees terminated by the company could have provided feedback on the merger, but their interviews would have lacked reasons for their decision to resign.

The time frame of the study ranged from approximately one month after the merger announcement to the day before the legal entity changed 21 months later. This time-frame focused the attention of the study on the merger, not pre or post-merger. A start date of approximately one month after the merger was announced provided time for employees to become aware of the merger, to find alternative work, and to resign from the company. The end date focused responses on the merger rather than the aftermath of the post-merger time period. On the day following the merger end date, many changes took effect: operating systems within the company changed, some departments were discontinued or outsourced to external companies, a majority of employees had been offered new positions or severance packages, and employee benefits transferred to BioComp. These start and end dates best define the merger time period in which employees resigned.

The total number of employees who departed from CompRx in the U.S. during the merger was 916. Those who did not meet the study criteria included 513 non-voluntary terminations, 24 interns (16 year round interns, 3 summer interns, and 5 interns from foreign affiliates), 10 expatriates, and 30 individuals who indicated they would
prefer to not be contacted by the company in the future. An additional 12 employees with no phone numbers were excluded because they would be unreachable for phone interviews. Employees who died during employment could not be included. After removing those who did not meet the criteria, 327 prospective interviewees remained. Demographic data for the prospective interviewees were not collected from the company. This gave participants the ability to provide or not provide personal information during the interview.

Reasons for exclusion from the prospective participant pool were varied. Interns were excluded from the subject pool due to their short duration with the company. They lacked privilege to the same communication, information, and benefits as full-time employees. The exclusion criterion limited the study to employees at U.S.-based sites. Foreign expatriates were excluded due to their return to their home countries located outside the U.S. (described as “transfer to affiliate” by CompRx). Each country experienced the merger differently from U.S. sites. Foreign expatriates also received different benefits than their American counterparts. Those who indicated they preferred not to be contacted by the company in the future were excluded to honor their request. This information was provided by employees during their respective exit interviews with CompRx. Employees who passed away while employed were excluded for the obvious reason of their inability to participate. The exclusion criterion was created to remove former employees who may not respond or whose responses would be potentially less relevant to the purposes of this study.

Voluntary attrition of full-time employees was the focus of this study. Had the exclusion criteria been different, including populations such as fired employees or
employees who requested not to be contacted in the future, the results likely would have been different. This is based on the interview questions: What factors contributed to your leaving the company? When did you start thinking about leaving? What was the catalyst? These questions focused on the former employees’ choices in resigning. Inclusion of the 513 employees who had been fired or downsized would have skewed the results. Differing information may have included: reasons they departed, their impressions of the merger, communication during the merger, and merger-related uncertainties. The findings from this group likely would not coincide with the group who were interviewed for this study. However they could have been asked for slightly different information such as, “What led to your departure from the company?” They may have provided more information about layoffs and downsizing. Different opinions on the merger, adequacy of merger communication, and uncertainties may have centered more around the uncertainties of job positions, structural changes in the company, and truthfulness in communication. Thirty former employees expressed a preference to not be contacted by the company again in the future. Their reasons for not wanting further contact could be due to a difficult separation from the company or other disagreement. Their responses likely would have been more caustic than those expressed by the present subject pool. These two populations would have made interesting additions to the results, although possibly more rancorous than those interviewed. They were not included to maintain the focus of the study with the chosen population criteria.

Recruitment

The participants were from the group of 327 former employees who voluntarily resigned from CompRx during the merger and met the above stated criteria. Potential
participants were contacted by mail with a letter of introduction containing informed consent information (see Appendix B for the Letter of Introduction and Appendix C for the Written Informed Consent Sheet). Random selection of potential participants is explained below under Data Collection: Procedures. One to two weeks after the mailing, the researcher phoned potential participants. During these phone calls, participants could consent to participate or not, ask any questions of the study, and/or set an appointment for an interview. The letters were sent in batches of 30 letters per week until the desired number of interviews, between 30 and 40, were conducted.

In total, 210 introductory letters were mailed. The letter included contact information for the researcher and her dissertation chair. If the former employee preferred to not be contacted for the study, or had additional questions, he or she was provided the researcher’s email and confidential voicemail.

Thirty-four former employees indicated that they would prefer not to participate. This included 8 who contacted the researcher after receiving the letter and an additional 26 who noted their preference when the researcher phoned. When individuals indicated that they would prefer to not participate, their reasons were neither asked for nor archived. Some individuals specified that they were not appropriate for the study because they resigned from the company for personal reasons, such as having a child or moving for a spouse’s job. Other non-participants included 33 whose phone numbers were no longer in service. These former employees were removed from the subject pool. When potential participants were phoned, but did not answer, a message was left by the researcher (see Appendix D for the Interview Script). The message included the researcher’s contact information and an invitation for participation. Each person was
contacted once unless they asked to be phoned at a later time or set up an interview appointment. Of those with whom a message was left, 113 did not respond. Thirty individuals participated in the phone interviews.

**Subjects**

The interview participants were 30 former employees of the acquired company, CompRx. Demographic information (see Table 1 for a Summary of Demographic Information Provided by Participants) was provided by the participants including: gender, race/ethnicity, age, date of termination, division of the company, and years of tenure with the company. One person declined to provide race/ethnicity. Additional information about each participant was extracted from the interviews (see Table 2 for a Summary of Information Extracted from Participant Interviews) including: work-site locations, if the participant had previously experienced a merger, the interviewees’ expressed perception of the merger (positive, neutral/mixed, or negative), and whether the participant had sought other jobs prior to the merger.

Demographic information about the participants was important for a more complete understanding of the responses collected. During data analysis of the interviews, responses provided by different demographic groups were evaluated independently. This was to observe possible discernable trends in the data. The process of dividing the demographic data into groups is provided below. Only results from groups that contained a minimum of five representatives were reported. This limitation ensured protection of the respondents’ identities and increased the ability to generalize to the larger population. Finally, the demographic information collected from the participants was compared to archival data collected from CompRx. This comparison was to ensure
that the subjects were representative of the whole population who resigned from CompRx during the merger. More information about the demographic information is provided later in this chapter.

Table 1
Summary of Demographic Information Provided by Participants

<table>
<thead>
<tr>
<th>Demographic Category</th>
<th>Demographic Groups</th>
<th>Number of Participants and Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>15 (50%)</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>15 (50%)</td>
</tr>
<tr>
<td>Race/Ethnicity</td>
<td>White</td>
<td>22 (73%)</td>
</tr>
<tr>
<td></td>
<td>Asian</td>
<td>5 (17%)</td>
</tr>
<tr>
<td></td>
<td>Other/ Not Available</td>
<td>3 (10%)</td>
</tr>
<tr>
<td>Age (in years)</td>
<td>&lt;30</td>
<td>3 (10%)</td>
</tr>
<tr>
<td></td>
<td>30-39</td>
<td>12 (40%)</td>
</tr>
<tr>
<td></td>
<td>40-49</td>
<td>6 (20%)</td>
</tr>
<tr>
<td></td>
<td>50-59</td>
<td>8 (27%)</td>
</tr>
<tr>
<td></td>
<td>&gt;60</td>
<td>1 (3%)</td>
</tr>
<tr>
<td>Merge Phase</td>
<td>One: Anticipation</td>
<td>14 (47%)</td>
</tr>
<tr>
<td></td>
<td>Two: Initial Change</td>
<td>7 (23%)</td>
</tr>
<tr>
<td></td>
<td>Three: Reality</td>
<td>9 (30%)</td>
</tr>
<tr>
<td>Tenure with the</td>
<td>0-2 years</td>
<td>9 (30%)</td>
</tr>
<tr>
<td>Company</td>
<td>3-5 years</td>
<td>12 (40%)</td>
</tr>
<tr>
<td></td>
<td>6-10 years</td>
<td>7 (23%)</td>
</tr>
<tr>
<td></td>
<td>11-20 years</td>
<td>2 (7%)</td>
</tr>
</tbody>
</table>

Tables 1 and 2 contain information collected from the participants. Table 1 contains a summary of the demographic information provided by the study participants. The gender of participants was equal with 15 male and 15 female. Participants represented resignations from all phases of the merger, but most were from the first phase. The three phases of the merger are described below. Table 2 provides a summary of the data garnered from interview responses. Almost half (N=13) of the interviewees had been through a merger previously. Only one-third of the interviewees (N=10) had looked for a job prior to the merger inception. Because the data in Table 2 were extracted from interviews during the analysis phase and not asked of each participant, some results were
missing. These data were also not included in archival data collected from CompRx. Therefore, it is unknown if these data are representative of the whole population.

Demographic categories (gender, age, etc.) were divided into groups using different techniques. The company provided demographics as either categorical (in groups) or continuous (generally numerical) data. For three categories, the company’s system for grouping was used: gender, race/ethnicity, and work-site location. The gender and race/ethnicity groups are the groups designated by the Equal Employment Opportunity Commission (United States Department of Labor, n.d.) and used by the company. Gender groups are male and female. Racial/ethnicity groups are white, Asian, or other/not available. One racial group was created by the Primary Investigator for this study. The “Other/ Not Available” group listed within the race/ethnicity category was a combination of participants who designated themselves as multi-racial or declined to provide this information.

Table 2
Summary of Information Extracted from Participant Interviews

<table>
<thead>
<tr>
<th>Demographic Category</th>
<th>Demographic Groups</th>
<th>Number of Participants and Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work-Site Location</td>
<td>Northeast</td>
<td>16 (53%)</td>
</tr>
<tr>
<td></td>
<td>Northwest</td>
<td>7 (23%)</td>
</tr>
<tr>
<td></td>
<td>Southwest</td>
<td>4 (13%)</td>
</tr>
<tr>
<td></td>
<td>Sales</td>
<td>3 (10%)</td>
</tr>
<tr>
<td>Previous Merger</td>
<td>Yes</td>
<td>13 (43%)</td>
</tr>
<tr>
<td>Experience</td>
<td>No</td>
<td>4 (13%)</td>
</tr>
<tr>
<td></td>
<td>Unknown</td>
<td>13 (43%)</td>
</tr>
<tr>
<td>Expressed Perception</td>
<td>Positive</td>
<td>2 (7%)</td>
</tr>
<tr>
<td>of the Merger</td>
<td>Neutral or Mixed</td>
<td>12 (40%)</td>
</tr>
<tr>
<td></td>
<td>Negative</td>
<td>16 (53%)</td>
</tr>
<tr>
<td>Had Looked for Jobs</td>
<td>Yes</td>
<td>10 (33%)</td>
</tr>
<tr>
<td>Prior to the Merger</td>
<td>No</td>
<td>20 (67%)</td>
</tr>
</tbody>
</table>
The third set of company groupings used was work-site locations. Potential participants were from four work-site locations: the northeast, southwest, northwest, and sales force. The actual site names were changed and more definitive locations broadened to maintain confidentiality of CompRx and BioComp. Both CompRx and BioComp had pharmaceutical sites in each of these areas. For both, their U.S. company headquarters were in the northeast, but in different states. Sales in both companies were designed similarly. Upper sales management was located in the headquarters sites, while the sales representatives were spread throughout the U.S. Each company designated these sales representatives who were off-site as having a work-site location as “sales”. The categorical data provided by the company for gender, race/ethnicity, and work-site location were utilized as divisions for this study.

At the beginning of the merger, CompRx employees speculated as to which sites would be retained and which would be closed. Many employees assumed that the site in the northwest would be slated to close. It was a smaller operation with functions that were found in the northwest and southwest work-site locations of both CompRx and BioComp. BioComp had been in the process of removing its own northwest location. The CompRx northwest location was eventually closed. The two southwest locations, one CompRx and one BioComp, were within 50 miles of each other. Closure speculation was rampant with most employees assuming the southwest CompRx location would close. Recent updates and an expansion on the research facility at the CompRx southwest site influenced some employees contemplating that it may be retained. At the end of Phase One of the merger, BioComp slated the CompRx southwest site to close. It was later maintained to accommodate transfers from the northwest site and the expanding research
section. It was unknown if the CompRx or the BioComp northeast site would be retained. Until approximately a month before the site announcements were made, CompRx employees expressed their conviction that their northeast site would likely be closed. At that point the CompRx U.S. chief executive officer was chosen to lead the BioComp’s U.S. pharmaceuticals. More information was ascertained about BioComp’s site and its need for renovations. The CompRx northeast location was chosen as the U.S. headquarters for BioComp pharmaceuticals.

The joint field sales force is those employees located throughout the country who visit doctors’ offices and promote company products. With a strong need for continuity, the field sales group was projected to and did reduce minimally in size. Later in the archival data section, a fifth site of “Other” is introduced. These other CompRx work-site locations were two smaller sites in the U.S. There were no interview participants from these work-site locations. These other sites were much smaller than the above described work-site locations and had already experienced downsizing in the years prior to the merger. Because of their specific purposes, they were not conjectured to be closed and were not. Speculation followed by actual site closures impacted voluntary attrition of employees.

Two categories were grouped as “yes”, “no”, and/or “unknown”. One question asked of the participants, “Prior to the merger, had you considered leaving the company?” This provided the answers of either “yes” or “no”, thus forming two groups for this category. Participants were not asked if they had been through a merger in the past, but this information was provided in 17 interviews. For those who did not provide this information, an “unknown” group was created. This category was added because of
the frequency of past merger experience being reported. Additionally, it seemed relevant to those participants who reported it. A common sentiment was expressed by those who had previously been through a merger. It was reported that they “knew what to expect” from the merger because of past experiences. With this shared experience, this group was created to capture possibly common trends expressed.

Three categories were divided at the researcher’s discretion: age, tenure, and merger phases. These data were provided as continuous data. The age groups were divided into decades to simplify the linear data. Smaller age brackets were considered, but rejected. With smaller brackets of five years only two groups would have more than five subjects. Separation along decades also facilitated comparisons to archival data collected from CompRx.

The separation into tenure groups was more complex. Tenure information was first split using equal time periods of three years for each group. This method yielded shorter tenured groups with large numbers and longer tenured groups with one or no subjects. Looking at the research of employment tenure (CIPD, 2007; CEBC, 2006; Harris & Cameron, 2005; Smither 2003), the highest turnover occurs within the first two years of employment. To capture this general trend, three short tenured groups were created: under two years, two to three years, and between three and five years tenure. From the researcher’s knowledge of CompRx, the company experienced an increase in voluntary terminations around five years tenure. The group of three to five years tenure captured this company trend. This group was also important because some long-term benefits had been reduced by BioComp for those CompRx employees with fewer than five years tenure. Attrition at CompRx over the five years tenure mark was generally low,
but steady. The final tenure group separation distinguished those subjects whose years of employment were over or under ten years. Separation at ten years tenure was to differentiate those with longer tenure from others. These tenure groups were formed to capture common thoughts which may be expressed by the groups.

Fugate et al. (2002) described the differences in how employees cope through the course of a merger. These differences were developed into separate phases of a merger. With this research as a guide, the researcher analyzed the timeline of the merger. The merger events seemed to happen linearly in three phases: anticipation, initial change, and reality. Merger Phase One, anticipation, started one month after the announcement of the merger and ended after the site announcements. Phase One was the first six months of the merger and was highlighted by speculation of what could happen rather than the reality of what did happen. The site announcements indicated which sites would be closed or remain open. The preliminary numbers of layoffs at each site were also announced at that time. Prior to this date, work-site closures and policy changes were unknown. Merger Phase Two, initial change, covered the five month period between the site announcements (the end of Phase One) and the entity change (the beginning of Phase Three). Initial changes were made during this time. Changes included the announcement of information system changes and some initial policy changes. At the end of Phase Two, CompRx distributed its last yearly bonuses. The culmination of this phase was the name change from CompRx to BioComp. Merger Phase Three, reality, was the nine-month period at the end of the merger starting after the entity name change at the end of Phase Two. The reality phase began after the name change and ended the day before all systems and policies transitioned to BioComp’s. Few job offers or severance packages were
presented prior to this phase. During this third phase, policies changed, job positions were filled, and BioComp’s benefits were made known. The merger phases are referenced throughout this study. More information on the merger phases can be found in the results and discussion chapters. The subjects of this study were separated into these three merger phases according to their date of termination.

Information about the divisions of the company which employed the participants was collected but not included in the final analysis. Divisions were the large partitions within the company. Divisions were further separated into departments, which were separated into workgroups. The 30 participants reported 24 different divisions. This quantity was due to participants listing their departments or workgroups rather than their broader company divisions. Some participants reported not knowing their larger division and could only report the subgroup in which they worked. Without more information about the structure of the company, divisions could not be divided into more useful groups for analysis.

Collection of additional data about the participants was desired but difficult to collect because of CompRx’s culture. This desired data included participants’ grade level within the company and their final rating from the yearly performance review. Prior to the merger, CompRx had a culture in which this information was not openly discussed even between supervisors and employees. However, this information was maintained by human resources. Employees knew their titles, but titles did not always correspond to the same levels across the divisions in the company. After the merger, employees were more aware of their level in BioComp. Yearly performance reviews had been implemented about ten years prior to the merger, but were not mandatory. Yearly performance review
ratings were often not provided to employees. After the merger, yearly employee performance reviews became mandatory. Supervisors were encouraged to meet with employees to discuss their results. Since accurate information of company grade level and yearly performance review ratings could not be collected from all participants, these data were not collected.

Archival Information

Company archival data were collected to answer two questions: 1) Were those who departed during the merger statistically similar to or different from those who resigned prior to the merger? and 2) Were those who resigned during the merger statistically similar to or different from those who remained with the company after the merger? Company archival data was collected to make these comparisons.

Archival data included five years of information about employees who voluntarily resigned. The data included employees who resigned in the 40 months prior to the study and employees who resigned during the 20 months of the merger. The merger period was one month after the merger was announced until one day before the entity change. Those who resigned in the 40 months prior to the merger are referred to as the “premerger population” or “premerger departures”. The “merger population” or “merger departures” are those who resigned during the 20 months of the merger. There were 752 premerger departures and 370 merger departures. Additional data was collected on employees who were working for the company on the final day of the merger. The “current employees” were the 2,029 employees employed at the company as of the final day of the merger. The data for the three populations were collected for analysis and are summarized in
Table 3 (Demographic Group Data with Number of Subjects and Percent of Total) and Table 4 (Employee Data Groups with Number of Subjects and Percent of Total).

Table 3
Demographic Group Data with Number of Subjects and Percent of Total

<table>
<thead>
<tr>
<th>Demographic Groups</th>
<th>Premerger Departures* Subject # and %</th>
<th>Merger Departures* Subject # and %</th>
<th>Current Employees* Subject # and %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>439 (58.4%)</td>
<td>200 (54.1%)</td>
<td>1166 (57.5%)</td>
</tr>
<tr>
<td>Male</td>
<td>313 (41.6%)</td>
<td>170 (45.9%)</td>
<td>863 (42.5%)</td>
</tr>
<tr>
<td>Race/ethnicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native American</td>
<td>4 (0.5%)</td>
<td>1 (0.3%)</td>
<td>4 (0.2%)</td>
</tr>
<tr>
<td>Asian</td>
<td>72 (9.6%)</td>
<td>46 (12.4%)</td>
<td>172 (8.5%)</td>
</tr>
<tr>
<td>Black</td>
<td>37 (4.9%)</td>
<td>17 (4.6%)</td>
<td>90 (4.4%)</td>
</tr>
<tr>
<td>Hispanic</td>
<td>26 (3.5%)</td>
<td>22 (5.9%)</td>
<td>95 (4.7%)</td>
</tr>
<tr>
<td>White</td>
<td>613 (81.5%)</td>
<td>284 (76.8%)</td>
<td>1668 (82.2%)</td>
</tr>
<tr>
<td>Work-Site Location</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwest</td>
<td>84 (11.9%)</td>
<td>44 (11.2%)</td>
<td>138 (6.8%)</td>
</tr>
<tr>
<td>Northeast</td>
<td>223 (44.1%)</td>
<td>163 (29.7%)</td>
<td>734 (36.2%)</td>
</tr>
<tr>
<td>Southwest</td>
<td>76 (10.3%)</td>
<td>38 (10.1%)</td>
<td>165 (8.13%)</td>
</tr>
<tr>
<td>Sales Force</td>
<td>348 (31.4%)</td>
<td>116 (46.3%)</td>
<td>915 (45.1%)</td>
</tr>
<tr>
<td>Other</td>
<td>21 (2.4%)</td>
<td>9 (2.8%)</td>
<td>77 (3.8%)</td>
</tr>
<tr>
<td>Age Group</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 30</td>
<td>22 (2.9%)</td>
<td>31 (8.4%)</td>
<td>168 (8.3%)</td>
</tr>
<tr>
<td>30-34</td>
<td>114 (15.2%)</td>
<td>79 (21.4%)</td>
<td>313 (15.4%)</td>
</tr>
<tr>
<td>35-39</td>
<td>193 (25.7%)</td>
<td>86 (23.2%)</td>
<td>354 (17.5%)</td>
</tr>
<tr>
<td>40-44</td>
<td>155 (20.6%)</td>
<td>58 (15.7%)</td>
<td>361 (17.8%)</td>
</tr>
<tr>
<td>45-49</td>
<td>104 (13.8%)</td>
<td>36 (9.7%)</td>
<td>300 (14.8%)</td>
</tr>
<tr>
<td>50-54</td>
<td>68 (9.0%)</td>
<td>26 (7.0%)</td>
<td>260 (12.8%)</td>
</tr>
<tr>
<td>55-59</td>
<td>43 (5.7%)</td>
<td>27 (7.3%)</td>
<td>159 (7.8%)</td>
</tr>
<tr>
<td>60 or older</td>
<td>53 (7.1%)</td>
<td>27 (7.2%)</td>
<td>114 (5.6%)</td>
</tr>
</tbody>
</table>

*Population sizes: Premerger (N=752), Merger (N=370), Current (N=2029)

The archival information collected and compared were similar to the information collected for the interviews including: tenure with the company, termination reason (not applicable for current employees), company grade level, yearly employee performance review ratings, work-site location, gender, race/ethnicity, age, and division of the company. Additional data was collected to ensure the populations met the exclusion criteria. This data included: termination date, indication of voluntary or involuntary termination, expatriate indication (i.e., foreign or American citizen), and employee classification (i.e., part-time, intern, etc.). The study criteria excluded involuntary
terminations or employees who were part-time, interns, fixed-term, or on long-term disability. Employees who died while employed were also excluded. Below are explanations of how the demographic information was divided into groups for comparisons.

**Table 4**
Employee Data Groups with Number of Subjects and Percent of Total

<table>
<thead>
<tr>
<th>Demographic Groups</th>
<th>Premerger Departures*</th>
<th>Merger Departures*</th>
<th>Current Employees*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subject # and %</td>
<td>Subject # and %</td>
<td>Subject # and %</td>
</tr>
<tr>
<td>Company Grade Level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Exempt……………</td>
<td>48 (6.4%)</td>
<td>28 (7.6%)</td>
<td>220 (10.8%)</td>
</tr>
<tr>
<td>Exempt…………………</td>
<td>453 (60.2%)</td>
<td>157 (42.4%)</td>
<td>637 (31.4%)</td>
</tr>
<tr>
<td>Supervisor/Mgr…………….</td>
<td>183 (24.3%)</td>
<td>136 (36.8%)</td>
<td>939 (46.3%)</td>
</tr>
<tr>
<td>Director………………….</td>
<td>47 (6.3%)</td>
<td>31 (8.4%)</td>
<td>203 (10%)</td>
</tr>
<tr>
<td>VP/Exec………………..</td>
<td>21 (2.8%)</td>
<td>18 (4.9%)</td>
<td>30 (1.5%)</td>
</tr>
<tr>
<td>Termination Reason</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave of Absence………...</td>
<td>6 (1.6%)</td>
<td>14 (1.9%)</td>
<td></td>
</tr>
<tr>
<td>Job Abandonment…………..</td>
<td>2 (0.5%)</td>
<td>4 (0.5%)</td>
<td></td>
</tr>
<tr>
<td>Mutual Consent…………..</td>
<td>10 (2.7%)</td>
<td>33 (4.4%)</td>
<td></td>
</tr>
<tr>
<td>Resignation……………….</td>
<td>332 (89.7%)</td>
<td>670 (89.1%)</td>
<td></td>
</tr>
<tr>
<td>Retirement………………..</td>
<td>19 (5.1%)</td>
<td>30 (4%)</td>
<td></td>
</tr>
<tr>
<td>Voluntary Separation…….</td>
<td>1 (0.3%)</td>
<td>1 (0.1%)</td>
<td></td>
</tr>
<tr>
<td>Tenure with the Company</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 1 year………..</td>
<td>46 (6.1%)</td>
<td>17 (4.6%)</td>
<td>79 (3.9%)</td>
</tr>
<tr>
<td>1 year…………………</td>
<td>146 (19.4%)</td>
<td>57 (15.4%)</td>
<td>234 (11.5%)</td>
</tr>
<tr>
<td>2-3 years………………..</td>
<td>274 (36.4%)</td>
<td>96 (26%)</td>
<td>389 (19.2%)</td>
</tr>
<tr>
<td>4-5 years………………..</td>
<td>120 (16%)</td>
<td>72 (19.5%)</td>
<td>234 (11.5%)</td>
</tr>
<tr>
<td>6-10 years……………….</td>
<td>92 (12.2%)</td>
<td>84 (22.7%)</td>
<td>542 (26.7%)</td>
</tr>
<tr>
<td>11-15 years……………….</td>
<td>34 (5.4%)</td>
<td>18 (4.9%)</td>
<td>160 (7.9%)</td>
</tr>
<tr>
<td>16-20 years……………….</td>
<td>22 (2.9%)</td>
<td>8 (2.2%)</td>
<td>183 (9%)</td>
</tr>
<tr>
<td>20+ years………………..</td>
<td>18 (2.4%)</td>
<td>18 (4.9%)</td>
<td>208 (10.3%)</td>
</tr>
<tr>
<td>Yearly Performance Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding……………….</td>
<td>45 (17.6%)</td>
<td>8 (3.4%)</td>
<td>66 (3.3%)</td>
</tr>
<tr>
<td>Exceeds Expectations……</td>
<td>47 (18.4%)</td>
<td>100 (42.4%)</td>
<td>787 (39%)</td>
</tr>
<tr>
<td>Met Expectations………...</td>
<td>149 (58.2%)</td>
<td>100 (42.4%)</td>
<td>973 (48.3%)</td>
</tr>
<tr>
<td>Needs Improvement……….</td>
<td>9 (3.5%)</td>
<td>24 (10.2%)</td>
<td>180 (8.9%)</td>
</tr>
<tr>
<td>Problematic………………..</td>
<td>6 (2.3%)</td>
<td>2 (0.9%)</td>
<td>10 (0.5%)</td>
</tr>
<tr>
<td>No Data…………………..</td>
<td>496**</td>
<td>134**</td>
<td></td>
</tr>
</tbody>
</table>

*Population sizes: Premerger (N=752), Merger (N=370), Current (N=2029)

**Employees without Yearly Performance Review Rates were excluded from the analysis of the yearly performance review data and are therefore not included in these percentages.

As can be found in Table 3, the company was predominantly white. The company attributed this to its headquarters being based in a European country. Females were a
majority of the company population. These two trends were present before, during, and after the merger.

Criteria for the archival data were determined in the same manner as the criteria for the potential interview participants. The archival data included one factor not included in the data for interviews: part-time employees. No part-time employees resigned during the merger and, therefore, were not included in the interviewee data. Part-time employees who departed before the merger or were current employees were excluded from the study because they did not receive the same benefits as full-time employees. With the exception of this factor, the exclusion criteria was identical to the one used for the interview data.

Like the interview participants, the archival data collected were placed into groups to expedite analysis. Most data collected from CompRx, such as gender and worksite location, were provided in company groupings. When provided, the company’s categories were used for the study. Two categories of data were provided as continuous data by the company: age and tenure with the company. The researcher converted this data from continuous to categorical data to facilitate analysis. When categorizing age and tenure groups, a division method similar to the one applied to the interview data was used. The potential for shorter age or tenure groupings with the interview participants was limited by the size of the population. This was not a limitation for the archival groupings. The linear ages were divided into five year segments rather than decades to gain more insight into the smaller groups. For comparisons with the interview data, these age groups were merged into the decade groupings. Tenure was separated into groups using literature (CIPD, 2007; CEBC, 2006; Harris & Cameron, 2005; Smither 2003) and knowledge of the company’s tenure trends. The groups were smaller than those used for
the interview data. The groupings used for the archival data analysis were based upon the categories provided by the company (gender, work-site location) and two artificially categorized groups (age and tenure).

Company grade levels and employee performance review ratings were not collected from the participants, but were included in the archival information. The company’s grade level groupings were used. These included non-exempt, exempt, supervisors/managers, directors, and vice-president/executives. The raw data of grade levels included approximately 20 levels used internally. Using company knowledge, the levels were separated into the abovementioned groups. Non-exempt employees received hourly wages, were subject to wage and hour laws, and received overtime compensation. At CompRx, non-exempt employees included lower-level maintenance, mail services, and custodial staff members. However, at BioComp many of these services were provided by outside companies or outsourced. According to the Fair Labor Standards Act (FLSA) (United States Department of Labor, n.d.), exempt employees are employees who, because of their positional duties, responsibilities, and level of decision making authority, are exempt from overtime provisions. The majority of employees at CompRx were exempt employees. Those classified as exempt included most administrative positions and employees who did not supervise others. Supervisors or managers were managers of employees or things. Directors supervised managers, departments, and small divisions. This system was directed by the vice-presidents (VP) and executives (exec) who headed the larger divisions. BioComp and CompRx were organized differently. In BioComp, a larger percentage of upper management, directors and above, were not located within the U.S., but at the corporate headquarters abroad.
Yearly employee performance review ratings were collected by CompRx for the five years prior to the merger. The performance appraisal rating system had five levels: outstanding, exceeds expectations, met expectations, needs improvement, and problematic. Each level corresponded to an optimal percentage of employees with that rating. Percentages considered optimal were: outstanding between 5 and 8 percent, exceeds expectations between 20 and 25 percent, met expectations between 55 and 65 percent, and needs improvement and problematic together between 5 and 10 percent. The percentages existed, although CompRx did not enforce VPs or directors use of them. Definitions of the rating were not provided to the researcher and may not have existed. In general “outstanding” were those employees whose performance far exceeded the expectations of superiors. Those ranked “exceeds expectations” performed at an above average level. The average worker would rank “met expectations”. Those whose performance needed serious improvement or were on probation due to lack of performance were in the levels of “needs improvement” or “problematic”. To calculate the performance score used in this study, five years of performance rankings were combined. First, the data collected from the company was converted into numerals (1 – outstanding; 2 – exceeds expectations; 3 – met expectations; 4 – needs improvement; and 5 – problematic). The average for each employee was calculated. Those subjects with an average score of 1.5 or lower were classified as “outstanding”; 1.6 to 2.5 were classified “exceeds expectations”; 2.6-3.5 were classified “met expectations”; 3.6-4.5 were classified “needs improvement”; and 4.5 or higher were “problematic”. Because an average score was used, it was necessary create ranges for each ranking to include ratings
found between whole numeral ratings. As previously stated, for many employees yearly performance review data was missing.

Originally the division in which the employee was working was to be included in the analysis; however, the divisions were not included because of restructuring within the company during the merger. Numerous departments had been eliminated or moved into new or different divisions making this comparison difficult. These data were placed into larger company businesses or company codes. Recommendations from HR representatives were used to place employees from divisions into broader company codes. These company codes were mostly located at different work-site locations.

Table 4 contains data pertaining to employment with CompRx. As stated, BioComp and CompRx were structured differently. The number of vice-presidents and executives constitutes an elevated percentage of merger resignations compared to premerger departures. Additionally, there was a decrease in the percentage of exempt employees who resigned. Other data to note are the yearly performance review results; there was a decrease in those rated as “outstanding” resigning during the merger, but increased attrition of those who received a rating of “exceeds expectations”. These data are presented further in the results and expanded upon in the discussion.

Data Collection

Procedures

*Phone interviews.* Former employees were informed of the study by contact through mail. Information was conveyed to former employees’ last known address, as
obtained from CompRx. Correspondence included an introductory letter (see Appendix B) and a written version of the informed consent (see Appendix C). These correspondents provided information about the purpose of the study, confidentiality, the voluntary nature of the study, and pertinent information about the researcher who contacted them. The written informed consent was for their records. Interviewees provided oral consent for participation prior to the start of the interview. The researcher’s contact information was included as an option to decline from further participation, if desired.

Subjects were phoned by the researcher one to two weeks after the letter of introduction was sent. During the phone interview, the researcher followed a script (see Appendix D) to introduce the prospective participants to the study. Employees were asked if they received the letter of introduction and/or had questions about the study. They were then invited to participate in the study voluntarily. After providing oral consent for participation, the phone interview began. Any information given prior to oral consent was not included in the study. If subjects chose to not participate, their reasons were not recorded. Those who did not participate were thanked for their time, their personal information was destroyed, and the contact was recorded as no participation. The subjects who agreed to participate were asked a series of open-ended questions pertaining to their departure from CompRx (see Appendix E for Interview Questions and Demographic Information). At the end of the interview, participants were asked for their demographic information. Voice recordings were not used to protect the confidentiality of the participants. The researcher documented detailed notes on the responses from each subject. Following completion of each interview, the researcher immediately transcribed the interview from her notes.
Interview protocol. The interview protocol in this study was created by the primary investigator. First, the overall goals and purpose of the study were assessed. In question form, the goals and purposes were:

- Why did employees voluntarily resign during the merger?
- How did the merger precipitate employees’ departures?
- What factors in their new companies, if any, contributed to their departure?
- What might have retained the employees during the merger, if anything?

From these questions, the interview protocol was designed. Questions included in the protocol were derived from different sources including external research studies and company information from CompRx and BioComp.

Internal company documents from CompRx and BioComp were reviewed as background information for the study. This was performed to identify information already available from former employees and to recognize possible questions appropriate for the study. The documents and surveys analyzed included employee exit interviews, new hire questionnaires, and yearly morale surveys. Additional information about the company’s structure, culture, and practices were gained through internal documents, formal company interviews, and professional interactions with employees. This research of CompRx and BioComp influenced the study’s questionnaire. From the company exit interview, questions pertaining to reasons for employee attrition were collected. After conferring with the company’s human resources employees, information about the tenure of employees was ascertained. This influenced the grouping of data collected as previously described. These employees also assisted with a basic knowledge of the divisions, the hierarchical structures, and the yearly employee performance reviews.
Because of these interactions, the yearly employee performance review rating and employee company grade level were excluded from the demographic section of the interview protocol. The information from internal company sources helped shape the questionnaire and study.

Articles pertaining to mergers, employees’ departures, and company attractors from external sources were then studied. Potential interview questions derived from these articles included a variety of topics, including: the need for adequate communication during mergers (Fugate et al., 2002; Schweiger & Denisi, 1991; Thornton, 2001), employee commitment to an organization (Fugate et al., 2002; Harris & Cameron, 2005; Marks, 1997; Smith & Kerr, 1953; Terry & Callan, 1998), employee perceptions of the merger process (Fugate et al., 2002; Harris & Cameron, 2005; Marks, 1997; Terry & Callan, 1998), a merger’s impact on daily work (Fugate et al., 2002), reasons employees stay through mergers (Smither, 2003) and impact of merger uncertainties on work situations (Fugate et al., 2002; Marks, 1997; Terry & Callan, 1998). Questions collected from articles were modified to make them relevant for this study. For example, one question in the Westcott (2006) article was, “What could have changed six months ago that would have prevented you from looking for a new job?” (p. 42). In the current study, this question became “What could have retained you at the company?” The concept of prevention from resigning was retained, but the time factor was modified because the focus was on the merger. Another article used to form questions was “Firms strive” (2004). This article contained themes of communication and anxiety due to uncertainties during mergers. These themes and ones from other articles were adapted into questions included in the questionnaire.
From the analysis of internal and external data, a list of approximately 40 potential questions was compiled. The questions were grouped into themes, including: reasons for employee attrition, perceptions and effects of mergers, factors that attracted employees to their new position, adequacy of merger communication, and factors that might have retained employees through the merger. From each of the themes, questions that best fit the overall goals of the study were retained, less relevant questions were removed. The interviews were to last between 45 minutes and one hour. This was to respect the participants’ time while allowing an appropriate amount of time to collect the data needed. At the advice of the dissertation chairperson, approximately 15 open-ended questions would equate to that time allotment. Eighteen questions were selected that corresponded to the overall goals of the study. Because this was an exploratory study, most interview questions were open-ended. These selected questions were revised to increase clarity and shorten in length. The questions were checked using suggestions by Lofland, Snow, Anderson, and Lofland (2006) to eliminate “ineffective questions” (p. 105). Minimizing the length of the questions was necessary due to the interviews being performed over the phone and not written for participants to read and re-read. The questions were ordered thematically in a logical manner, but also followed the stages of interviewing as described by Whyte (1984). The first question was a rapport building question, mainly for the purpose of creating a relationship between the investigator and interviewee. The interview progressed with questions that could elicit more emotion placed in the middle and latter portions of the conversation. After the order of questions was set, the questionnaire was screened for clarity and to ensure the duration was appropriate. A former CompRx employee, who was ineligible for the study due to
termination date, was used for the screening. After this screening, a two-part follow-up question “Did your decision to leave change that? How?” was removed. This question was determined to be confusing, unnecessary, and redundant. No participants were asked this question. All participants were asked the remaining 17 questions.

Phone interviews were used as the format for collecting data. Compared to surveys or a written questionnaire this format was optimal. Interviewing offered the researcher an opportunity to create rapport with the participant, to ask clarifying or probing questions during the interview, and to capture information provided in addition to the questions asked (Brace, 2008). The interviews also gave participants an opportunity to ask questions of the study. Participants were able to present the information in their own words rather than checking boxes in a list. Additionally, participants were not burdened with writing their own responses.

The study could have been performed using a written questionnaire for participants to complete and return. With a questionnaire there may have been more participants. Written questionnaires often have open-ended answers, a list of answers provided, or both. Questionnaires were not used because of their drawbacks, which include: difficulty for participants to ask questions, lack of an interviewer to identify when a participant misunderstood questions, and the inability to probe for more complete answers. If a questionnaire had been designed with a list of options instead of open-ended answers, this might have limited responses (Brace, 2008). Because of the lack of similar research, providing lists of possible answers would be difficult.

Archival information. After the archival information was collected, the data was assessed using the criteria described in the previous “participants” section. This was to
ensure that the population desired was, in fact, the population analyzed. Data collected to meet the exclusion criteria included termination date, indication of voluntary or involuntary termination, termination reason (i.e., resignation, mutual consent, death, etc.), and employee classification (i.e., part-time, intern, expatriate, etc.). After delineating the populations, the merger departure data were statistically compared with current employees and data of employees who resigned before the merger. Each employee profile was assigned a random identification code not attached to the employee’s name or any company identification.

The purpose of comparing the data was two-part. First, data collected ascertained whether employees who resigned before the merger were different from those who resigned during the merger. Second, data compared those who departed during the merger to those who remained with the company after the merger. These comparisons were made using chi-squared tests to assess significant differences among the groups. The comparisons conducted evaluated those who resigned during the merger to those who voluntarily resigned before the merger and the current employees. The comparisons included tenure with the company, company grade level, employee performance review ratings, work-site location, gender, race/ethnicity, age, and termination reason (not applicable for current employees).
Data Analysis

Treatment of Data

*Qualitative interview data.* Because ethnographic research includes systematic documentation, written notes were taken during the interviews by the interviewer for use during the content analysis phase (Emerson et al., 1995; Suzuki, Ahluwalia, Mattis, & Quizon, 2005). After the interviews were conducted, they were immediately transcribed from notes to full written records by the researcher.

The interviews were revisited to extract additional demographic information, including: work-site location (northeast, northwest, southwest, or sales force), whether the employee looked for jobs before the merger (yes / no), perceptions of the merger (positive, neutral/mixed, or negative), and whether the employee had previously been through a merger (yes, no, or unknown). These were added to the demographic information provided by the participants, i.e., gender, race/ethnicity, age, tenure with the company, and termination date. The demographic information collected was used to divide the qualitative data into groups for further analysis.

When all interviews had been conducted and transcribed, the qualitative interview data were analyzed. Descriptive quasi-statistics were used to derive frequencies of interviews themes. The descriptive quasi-statistics used in this study included counting the number of interviews in which a theme was mentioned (Suzuki et al., 2005). First, each interview was read and ideas expressed by each participant were compiled on a list. All interviews were read twice to ensure ideas were not overlooked. Ideas collected did not need to be present in other interviews. The ideas were separated into topics,
including: specific reasons for employee attrition, general reasons for employee attrition, merger-related uncertainties, communication regarding the merger, reasons for attraction to their new positions, and factors that could have retained them. Each idea on the list was given a lettered code and the broader topic groupings number codes. The interviews were then coded. If a response appeared in an interview, it was labeled with the number and letter code. After the interviews were coded, the most frequently provided ideas became the themes of the study reported in the results chapter. Ideas which appeared in more than five interviews were considered a theme. A minimum of five responses were needed to ensure confidentiality of the participants and generalize to the greater population. Descriptive quasi-statistics were used to ensure that themes less apparent to the researcher would not be overlooked. This method permitted diverging and contradictory views to surface, if mentioned by five or more former employees.

After themes were gleaned from the interviews, they were divided into smaller groups for further analysis. Each theme was assessed using the demographic data and information extracted from the interviews to ascertain whether an idea occurred consistently across the subject pool or a specific group (Emerson et al., 1995). A minimum of five respondents were needed to be considered a group in this section to protect confidentiality and facilitate generalizability.

Archival data. The archival data was analyzed using chi-squared tests. To achieve this, each category was divided into premerger departures, merger departures, or current employees. The merger departure data was further divided into the three merger phases described earlier in this chapter. The number of employees in each category was recorded and valid percentages were derived. For example in Table 3 the merger population of 370
employees had 200 females and 170 males or 54.1 percent female and 45.9 percent male. After calculating the valid percentages of each of the categories, an expected value was calculated for each grouping compared to the premerger departures and the current employees. For example, when the expected value of gender in the merger population was calculated using the premerger departure valid percentages, the expected values were 216 females and 154 males. After the expected values were calculated for the groupings, the data were entered into a chi-squared “goodness of fit” test calculator (found at http://faculty.vassar.edu/lowry/csfit.html). For security purposes, the former employees’ names and other identifying information were not connected with these data. The analysis of the study data is presented in the results chapter.

In accordance with the Internal Review Board (IRB) at Rutgers, The State University of New Jersey (henceforth referred to as Rutgers), all data, both interview and archival, were held under lock and key. During the interview process, written notes of interviews were locked in a desk in a locked office on the Rutgers campus. This office was shared, but locked desk space was not. Electronic information was locked by password on a password protected computer. This locked information included potential participants’ personal information, archival data, and interviews. The computer was either locked in the above mentioned desk or at the investigator’s home when not on the investigator’s person. Former employees’ personal information was stored separate from interviews. Voicemails and emails left for the investigator were only accessible by her through login and password locks. Concluding the interview process, the interviews were transferred to the primary investigator’s residence. Information remains secure and will be destroyed in accordance with the requirements of the IRB at Rutgers.
CHAPTER IV
DATA RESULTS

The results chapter is broken into three sections. First, the results from the interview data analysis are presented. This includes the themes presented with frequencies, percentages, and some themes expanded upon with supportive data from the interviews. It also includes results divided into the three phases of the merger. The next section contains two case studies. These demonstrate some of the interactions of the themes. Finally, the analysis of archival data is presented.

Analysis of Interview Data

Employees who resigned during a merger were interviewed to ascertain reasons for their attrition, factors that might have prevented their resignation, and their thoughts of the merger, of the adequacy of communication, and uncertainties related to the merger. These former employees described an array of merger experiences and reasons for their resignations. Although each described their experiences differently, common themes arose. The themes clustered into broad categories: specific and general reasons for employee attrition, factors that prevented employees from resigning sooner, uncertainties about the merger, factors which attracted employees to their new jobs, adequacy of communication during the merger, aspects that might have retained employees, and other
reasons not previously mentioned without a broader category. Reasons mentioned fewer than five times were not reported to protect the confidentiality of participants and to minimize less relevant topics. The themes are presented below within their larger categories.

Specific Reasons for Employee Attrition

During the interview former employees were asked, “What factors contributed to your leaving the company?” and the follow up questions “When did you start thinking about leaving?” and “What was the catalyst?” The data presented in this section includes answers provided in response to these interview questions. This section was analyzed separately from reasons for attrition provided during other portions of the interview to emphasize the importance of these responses. Although reasons for resigning were presented throughout the interviews, interviewees placed additional emphasis on these responses. Reasons for employee attrition collected from the entire interview are presented in the next section – General Reasons for Employee Attrition. Because this is an exploratory study, it was unknown which responses are most relevant. The themes for this specific category are presented below in Table 5 (Specific Reasons for Employee Attrition Themes Extracted from the Interviews). The table presents the data in descending order of frequency of responses with the percentage of participants who responded with each theme. Three themes from this section are expanded upon below: employees who resigned because of their manager, the culture and environment changes, and perceived job insecurity. These themes were selected because of the frequency of response. Themes most pertinent to the researcher are expanded upon in each section. In
the next section, General Reasons for Employee Attrition, four additional reasons for resigning are expanded upon.

Table 5
Specific Reasons for Employee Attrition Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>(30%)</td>
<td>Culture or environment change at CompRx</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Uncertainties in potential changes</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Their manager (usually direct manager)</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>The merger</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Job insecurity or fear of losing one’s job</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Changes in policies</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Approached by company or recruiter with a “better offer”</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Changes in job description or job duties</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Perceived limits on ability to advance within the merged company</td>
</tr>
</tbody>
</table>

*Culture change.* Culture change was a prevailing reason for the departure of nine participants. The culture change described started prior to the merger, but accelerated during it. Many employees described the culture change starting about three years prior to the merger. CompRx had undergone changes to “streamline their processes” in the years prior to the merger. The streamlining described included reductions in projects, employees, and overhead, and attempts to increase employee production and performance. Interviewees speculated these changes were executed to make CompRx more “buyable” or appealing to other companies. Former employees reported these changes made them anticipate an acquisition or merger. One person, who departed in the first month of the merger, reported that “it just wasn’t the same company and it was
turning into a not nice place to work.” This description of the culture included changes prior to the merger and the escalation of changes after the merger. After the merger began, culture change was reported to accelerate. The culture moved away from the “family feel” at CompRx toward the perceived “big corporate culture” of BioComp. It was reported by one participant that “as soon as BioComp started taking over I noticed rapid changes in the culture.” The rapid changes described were associated with the culture, but also new policies, employees departing, and structure changes. This culture change was perpetuated through the merger as policies changed and the companies became one. Change started prior to the merger, but the merger intensified the rate of change contributing to employees’ decisions to resign.

Managers. According to Buckingham and Coffman (1999) employees leave managers, not companies. The findings of the present study moderately supported this conclusion. Seven former employees reported that their managers contributed to their departure. Some participants had had their immediate manager depart at some point during the merger. Manager attrition contributed to employee departures due to managers not being replaced or managers being replaced by less effective people. Another manager issue presented involved employees not being supported by their managers. One employee whose manager was the primary reason for her resigning said “I thought about leaving about one year before I left. It was my manager – I couldn’t deal with her anymore.” This employee stated that her previous manager was the main factor in her remaining with the company. Other employees described their managers being replaced by employees from BioComp. One employee described his experience:

The people they brought down from BioComp were dumb as a doornail and they didn’t know how to do their jobs. They came down and they
supposedly had gone through training, but then we had to teach them their jobs… And these people were the ones we had to answer to?

Reported feelings of frustration due to the quality and the need for training of BioComp supervisors were described in this and other interviews. Attrition due to managers was both related and unrelated to the merger. The first quotation provided an example of attrition due to a manager, not the merger. The second excerpt described attrition due to one’s manager that was related to the merger. The merger contributed to some manager attrition or transfers to other departments. Regardless of the merger, managers were a factor in employee attrition.

*Job insecurity.* Job insecurity or fear of losing one’s job was a factor in the resignation of six employees. It manifested itself in two ways: fear of being fired or downsized and lack of a job offer. Participants speculated that they would be eliminated or would not have a job in the new company. One person who resigned early in the merger stated her attrition was “strictly because of BioComp. I knew my position would be eliminated because it would be redundant. I didn’t need to be told that I was losing my job because my position would likely go to a BioComp person.” She then described her former position eventually being replaced by a BioComp person. Other job security fears were related to receiving an employment offer. Few job offers were given within the first year of the merger. Those employees who received offers during this period were selected by the company as the most critical to retain through the merger. Others were forced to wait until the third phase of the merger to receive news of employment. At sites deemed to close, some offers were made on condition that they transferred to another work-site location. An employee located at a work-site selected for closure resigned “knowing that there was a possibility that I would be laid off in the next year or so…the
morale was pretty bad; people knew they were going to be laid off … those with jobs had to deal with their colleagues leaving.” This quotation describes the impact job insecurity had on morale. Morale was described as particularly low at work-sites designated to close. It was suggested by interviewees that having colleagues depart, by downsizing or their own accord, increased difficulties for some who retained their jobs. Interviewees often described their volatile job security with regard to poor communication. Information about site closures and department reductions was slow, which contributed to job insecurity woes. After the company structure was announced, job offers were not communicated within the time frame first set by BioComp. Delay in communicating job offers contributed to employee attrition.

General Reasons for Employee Attrition

The category above focused on the responses to one section of the interview. During the coding process it became apparent that reasons for attrition were given throughout the interview. To more completely capture the data, two sections of attrition results were created. Each section is important in understanding reasons for turnover. The Specific Reasons for Employee Attrition section captured the most important factors for turnover. Other factors that played an important role are described in this section. The data presented in this category were extracted from the entire interview minus answers provided during the uncertainties question. The themes generated from the uncertainties question are found in the Uncertainties about the Merger section of this chapter. Because uncertainties are featured in its own section in this chapter, it is not expanded upon below. When interviewees presented uncertainties as a reason for their resignation, the uncertainties were similar to those presented in the Uncertainties about the Merger
Themes identified most frequently by the respondents as reasons for their attrition are listed in Table 6 (General Reasons for Employee Attrition Themes Extracted from the Interviews). The data is presented in descending order with the percentage of responses. Four reasons for employee attrition themes are expanded upon below.

Coworkers resigned or were fired. Fifteen interviewees described attrition of other employees as contributing to their departure. This was partially described in the previous section under job insecurity and the lowering of morale. Coworker attrition was described by participants in a few different ways. Some participants perceived that others resigned because they had more insight into the situation, of BioComp, or of the merger. One person stated, “When the senior managers are leaving, you wonder what they know that you don’t.” Early in the merger, some senior level employees resigned. As described in this quotation, the exodus from the top increased speculation by other employees. A common sentiment was that other employees were receiving information that the general worker was not. Employees also expressed the belief that the best employees depart first. “Those that do not have other options stay and the strong ones leave.” Similar to when upper management departed, some high profile employees resigned which caused coworkers to worry. The validity of this statement is discussed more in the discussion chapter with the analysis of the relationship between yearly employee review ratings and employee attrition. The third way in which employees described uneasiness around coworkers’ departures was fear of competing with coworkers for jobs outside the company. With an influx of employees seeking positions with other companies, no one wanted to be the “last one” working for CompRx. Fellow employees’ departures contributed to employee turnover and uncertainties of the situation.
Table 6
General Reasons for Employee Attrition Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>(60%)</td>
<td>Uncertainties in potential changes</td>
</tr>
<tr>
<td>16</td>
<td>(53%)</td>
<td>Culture and environment change at CompRx</td>
</tr>
<tr>
<td>15</td>
<td>(50%)</td>
<td>Had coworkers resign or get fired</td>
</tr>
<tr>
<td>12</td>
<td>(40%)</td>
<td>Morale reduction</td>
</tr>
<tr>
<td>11</td>
<td>(37%)</td>
<td>Had been through a merger before and knew what to expect</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>Treatment of employees</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>The merger</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>Changes in job description or job duties</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>Perceived limits on ability to advance within the merged company</td>
</tr>
<tr>
<td>9</td>
<td>(30%)</td>
<td>Their manager (usually direct manager)</td>
</tr>
<tr>
<td>9</td>
<td>(30%)</td>
<td>Leadership style change</td>
</tr>
<tr>
<td>9</td>
<td>(30%)</td>
<td>Job insecurity or fear of losing one’s job</td>
</tr>
<tr>
<td>9</td>
<td>(30%)</td>
<td>Changes in policies</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Career advancement and education</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Approached by company or recruiter with a “better offer”</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Would have to move or relocate to maintain current job</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Company’s headquarter based outside the U.S.</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Timeliness of job offer</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Belief that BioComp employees would be preferred for jobs over CompRx employees</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>The commute</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Compensation or perceived reduction in salary with BioComp</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Work load changes</td>
</tr>
</tbody>
</table>
The merger. When asked reasons for attrition, a common response was simply “the merger.” This was mentioned both by those who had and had not been through mergers in the past. When interviews were first read for analysis, the merger was not identified as a separate theme. It was later added as a theme due to its pervasiveness. One person who had been through a merger said, “Having been through a couple of mergers and downsizing, at that point [when the merger was announced] I could see the writing on the wall.” Seeing “the writing on the wall” was a common sentiment from those who had already been through mergers. Those who had not previously been through a merger expressed a variety of anxieties surrounding the merger. Overall, the merger was a major reason for attrition.

Job description changes. Changes in job descriptions and job duties contributed to ten employees resigning. The changes described were either sharp increases or decreases in workloads. The merger was directly associated with the changes in work for most of these interviewees. One participant whose department’s workload increased greatly during the merger reported, “After the merger, our department got more and more work and less and less support.” The combined effect of an increase in work due to the merger and decreased support by virtue of employee resignations escalated the stress of this employee. This worker reported that workload stress caused health problems and consequently contributed to his departure from the company. An increase in work was reported by others whose coworkers resigned and were not replaced. One employee reported that her “work load had gotten very intense because many of my colleagues left…There was basically only myself and my director left in my department. I was doing
the work of about four to five people.” The increase in workload for some employees created a more stressful and less appealing work situation.

While the previous excerpts described an increase of work, an equal number of interviewees reported a decrease in their workload. Projects were postponed until more was known about the merger. One former employee who was offered a position, but resigned reported the merger “basically stopped work. ... My projects were obviously dropped. So [my job duties were] changed to tying up things from doing actual project work. We were just finalizing things to be done.” She reported her job as very enjoyable prior to the merger, but she was dissatisfied with her potential position in the new company. Decreases in the workload were reported as being stressful and disappointing for employees. Time and energy that had been invested in suspended projects were described as wasted. Interviewees reported frustration in their situation and a decrease of confidence in the new company. The decrease in work also provided more time for some employees to speculate about the merger. Increases and decreases in workloads contributed to employees’ uncertainty in their situation and their resignations.

*Job insecurity.* For nine employees job insecurity was a primary reason for their attrition. At the end of merger Phase One, a date was announced by which job offers would be made. This date was approximately one year after the merger started or the beginning of Phase Three of the merger. As the job offer date approached, the company announced timeline changes. Job offers would be made sometime in the following year. The delay was due to the lack of planning prior to the merger announcement. Job offers could not be made until other decisions, such as the structure of the new company, were decided. An interviewee who resigned in the third stage of the merger stated “delays in
obtaining information concerning retention” was the main reason for his attrition. There was “an unreasonable timeline and inadequate information on if they would be keeping us or letting us go…BioComp waited eight months to give me an offer letter, [other departments] had gotten letters [seven months earlier] and we were still waiting for ours.” The delay in job offers and indeterminate date by which offers would be made decreased job security. This interviewee eventually received an offer letter, but he took a position with another company instead. He expressed frustration on the delay in an offer. For him and others the volatile job security was intensified by BioComp changing the date by which job offers would be made. This contributed to employees’ resigning.

Factors that Prevented Employees from Resigning Sooner

Employees expressed many factors that prevented them from departing from the company prior to the merger announcement. Almost half of those interviewed (N=14) stated that prior to the merger they had never seriously looked for another job. Only the responses of the 16 former employees who had previously looked for other jobs are included in the results below. Many of those who had never searched for other jobs prior to the merger (n=10) said they had planned to stay with the company for the duration of their career. One employee in her early forties reported, “I thought I was going to go on and retire with CompRx. Maybe I would go into management… I had truly seen myself there forever.” Some participants (N=6) stayed because their situation, although not ideal, was not unpleasant to the point of departing. Half of the respondents (N=15) stated that the merger or changes due to the merger were major factors in the timing of their resignations. In multiple interviews participants referenced the expectation of changes due to the merger as a major factor in the timing of their departure. One respondent who
had “not seriously looked for a job” prior to the merger said, “The merger was just the final thing, the writing was on the wall.” He and others reported the timing of their departures were due to the merger. In Table 7 (Factors that Prevented Employees from Resigning Sooner Themes Extracted from the Interviews) the two factors which prevent some employees from resigning before the merger with their percentage of respondents are presented. Other responses were provided, but mentioned by fewer than five participants and were therefore omitted from the list of themes. The two reported themes are expanded upon below.

Table 7
Factors that Prevented Employees from Resigning Sooner Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Their boss or manager (usually immediate manager)</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>The situation was not critical enough to depart</td>
</tr>
</tbody>
</table>

Managers. In previous sections, former employees reported their manager as a major reason for attrition. Managers were also a major factor in employees’ retention. One person with over 15 years tenure with CompRx stated that he had “never looked at what was available or what my marketability was.” He reported this was “primarily out of loyalty to my manager.” His boss was instrumental in his long tenure. Some who cited their manager as a reason for staying also reported a new manager as a reason for turnover. These respondents reported their original manger departing and being replaced by a less agreeable manager. Managers were reported to play important roles both in employee attrition and retention.
The situation was not critical enough to leave. Six participants reported not liking aspects of their job or the company, but the situation was not dire enough for them to resign. When the merger occurred it was described as “being the stick that broke the camel’s back” or the “last straw” for these employees. A female who had five years tenure with CompRx reflected, “I think things were tolerable. My situation, even though there was a degree of dissatisfaction, it wasn’t enough to leave.” Her “last straw” was the merger. For some employees the merger made an unpleasant job situation into an intolerable one, contributing to their turnover.

Uncertainties about the Merger

Throughout the interviews, participants (N=18) expressed uncertainties about their situation as reasons for resigning. Uncertainties were expected to be important factors in this study. To better capture participants’ uncertainties, one specific question directly addressed uncertainty: “What uncertainties did you have in your situation at the company?” This results section is comprised of data from the interview section specifically on uncertainty.

Some participants presented the same or similar descriptions of uncertainties that they had expressed earlier in the interview. For instance some participants initiated their uncertainties response with “like I said before” or “besides what I already told you.” If an earlier portion of the interview was referenced, participants were asked to clarify which previously mentioned uncertainties. Those restated answers were then recorded in this uncertainties section. Previously stated material not reiterated was not included in the results below. The results are presented in Table 8 (Uncertainties Themes Extracted from
the Interviews). The data is presented in descending frequency of response with their percentages followed by four expanded themes.

Table 8
Uncertainties Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>(57%)</td>
<td>Job offer or job insecurity</td>
</tr>
<tr>
<td>14</td>
<td>(47%)</td>
<td>Site closures and the timeline</td>
</tr>
<tr>
<td>14</td>
<td>(47%)</td>
<td>BioComp as an employer</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>Insecurity of the employee’s department</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>The lack of CompRx company culture in the new company culture</td>
</tr>
<tr>
<td>8</td>
<td>(27%)</td>
<td>Being replaced by a BioComp employee</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Important projects being put on hold and not finished</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>The future of the company’s product pipeline</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Changes in benefits (stocks, insurance)</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Having an unqualified BioComp boss</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>The long term prospects for BioComp</td>
</tr>
</tbody>
</table>

*Job insecurity.* Job insecurity was the most frequently mentioned (N=17) reason for uncertainties. Similar to job insecurity cited in reasons for attrition, employees wanted to know if they would have a job in BioComp. One person who departed in the first phase of the merger stated, “At the time, no one knew if that facility would be kept, let alone our jobs…I knew I wouldn’t have a job in a couple of years. And it happened to the person who replaced me, she is out of a job now.” For this interviewee job insecurity was her key reason for resigning and uncertainty. Job insecurity was an important factor through all phases of the merger. Employees who resigned during the first (n=7) and third (n=8) phases of the merger were more likely to cite lack of a job offer as an uncertainty.
Job insecurity in relation to the phases of the merger is expanded upon in the discussion chapter. Job security volatility was an important factor in employees resigning and their uncertainty with the situation.

*Site closures.* Site closures were reported by many former employees (N=14) as a significant uncertainty. The announcements of site closures occurred at the end of the first merger phase, seven months after the merger began. Originally, BioComp stated that site announcements would be made three months into the merger. BioComp announced the delay was to provide additional time for planning the design of the combined company. Inadequate communication and timeline delays increased uncertainties and provided additional time for employees to speculate about rumors of possible merger outcomes. In response to his uncertainties, one former employee located at a site which was retained said “there were 2-3 uncertainties. First: what facility – our facility or the [BioComp] one. If it was [BioComp’s] I would have to move my family and I don’t know if that was something that I wanted to do.” His work-site location was retained, but his speculation compelled his resignation. Prior to the site closure announcements, employees spent work-time speculating about which sites would be closed versus retained. After the site announcements, employees at sites slated to close then hypothesized about closure timelines. Employees whose work-sites remained open spoke of department insecurity and fear of losing one’s job to a BioComp employee. Until they were announced, work-site closures were an uncertainty for many employees.

*Company culture.* One third of interviewees (N=10) reported CompRx’s company culture not being included in the combined company as an uncertainty. Many employees expressed liking CompRx’s company culture and fearing that this culture would not be
represented in the combined company’s. BioComp publicized that it was adopting aspects of CompRx’s culture, but interviewees disagreed that this was a reality. One participant who was concerned that CompRx’s culture was not being included stated, “When the people from BioComp came in everything just changed over to their ways and we had no say in it. I felt like a stranger in my own department.” This quotation reflects the departure from the CompRx culture. The combined company culture was presented to all employees through workshops. Some former employees of CompRx had previously worked for BioComp. One of these former BioComp employees stated that a major uncertainty was the BioComp culture. He recounted his experience when previously working for BioComp: “I don’t know if this was the way it was done [at headquarters located in another country], but they gave the impression that you should just be glad you have a job here. They really didn’t play fair with their employees.” His departure hinged on his preference to not work for BioComp again. Few had previously worked for BioComp, but rumors were exchanged by CompRx employees about the BioComp culture. Negative impressions of BioComp’s culture and the lack of CompRx’s culture being incorporated into the new company created uncertainties for employees.

**Being replaced by a BioComp employee.** “When one company takes over another company, naturally they will keep their own people.” This quotation expressed a pervasive sentiment (N=8) that BioComp employees would replace CompRx employees. Job insecurity is related to this topic, but is also separate. Job insecurity focused primarily on being offered a job, while this relates to fears of being replaced by a BioComp person. Another interviewee sounded apprehensive, yet matter-of-fact in describing her thoughts about being replaced. “I know in mergers you have to reapply for your own job and I felt
I would have been wasting my time in trying to keep my own job if they had someone [from BioComp] already lined up in it.” The belief that BioComp employees would automatically be chosen over CompRx employees was common. Regardless of level, qualifications, or position, there was a sentiment that BioComp employees would be offered jobs.

Factors Which Attracted the Employees to Their New Jobs

When former employees discussed factors that attracted them to their new positions, a common trend was expressed. Reasons for employee attrition and uncertainties expressed during the interviews were often commensurate with or related to the reasons interviewees chose their new positions. The exception to this trend was the most commonly presented attractor: location. Location or a shorter commute might have been influenced by the external factor of gas prices at the time interviews were conducted. Factors that attracted employees to their new positions are presented in Table 9 (Factors Which Attracted Employees to Their New Jobs Themes Extracted from the Interviews). The data is presented in descending order with their percentages, followed by two case examples. The case examples display the analogous relationship between reasons for resigning and for joining new companies. Additionally, the cases were chosen because they represent numerous job attractors.

One participant reported that she resigned because the “feel of the company became different – it had gotten too big.” The management style was more “top down” and not as collaborative as it was in CompRx. Many upper management team members of the combined company were BioComp employees. These replacements made her “wonder what was in store for the CompRx people.” Her new position was in a smaller
company: “It was a promotion, better pay, and I would be able to work for and with the people I used to work with – the people from CompRx who left before [me]. The group I work with now is almost all from CompRx.” She departed from the larger BioComp for a smaller more collaborative company that “reminds me of the old CompRx.” Working with many from her old team, the “feel” was similar to CompRx.

Table 9
Factors Which Attracted Employees to Their New Jobs Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>(47%)</td>
<td>Location (shorter commute)</td>
</tr>
<tr>
<td>12</td>
<td>(40%)</td>
<td>Developmental and career advancement opportunities</td>
</tr>
<tr>
<td>11</td>
<td>(37%)</td>
<td>Increase in salary</td>
</tr>
<tr>
<td>8</td>
<td>(27%)</td>
<td>New company’s product pipeline</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Company environment</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Opportunities for creativity and challenging nature of work</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Would have resigned or did depart without job</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Position utilized skills and education</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Company culture (similar to old CompRx)</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Working with former CompRx employees</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Received a promotion or more distinguished title</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Change in field or position</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Job duties (the task, realistic expectation of work load)</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Quick hire</td>
</tr>
</tbody>
</table>

Another former employee whose main concerns and reasons for resigning included: uncertainties in being part of the acquired company, a job offer, and his commute, “started looking immediately after the merger was announced because of the
uncertainty.” His department was restructured which “impacted me negatively.” With BioComp’s compensation system and the restructuring he would likely be paid less and “not be growing the way that I wanted to in my position.” Following is his description of his new position:

First, my role is…where I want to be and grow. Second, the pay package. It wasn’t much more than what I had been making, but it wasn’t a cut. Third, it was way less travel. My commute is now only about 20-25 minutes. And the fourth, I found a company that is comparable. I wanted a different job profile and they offered it to me.

Similar to the first example, this one also shows reasons for resigning being analogous to reasons for joining his new company. His new company offered him a job, a critical factor which he had not yet been offered by BioComp. Lack of growth in his potential position at BioComp was a concern prior to resigning. His new position provided a “different job profile” in which he could grow. He received an increase in salary, in contrast to the rumored decrease in compensation if he remained with BioComp. Finally, his long commute was shortened and he spent less time traveling.

In the two examples presented, the former employees’ reasons for attrition reflected their description of what attracted them to their new companies. These were only two examples of this common trend of analogous reasons for resigning and joining a new company. The relationship between reasons for resigning and attractors are discussed further in the discussion chapter.

Adequacy of Communication during the Merger

Merger communication, like uncertainties, was mentioned prior to being addressed during many interviews (N=11). It was generally mentioned early in interviews to address inadequacy of communication during the merger (n=10). In addition to being
analyzed for themes, responses were evaluated for the participants’ negative or positive reflections of communication during the merger. This yielded ratings of negative (N=13), positive (N=8), and mixed or neutral (N=9) responses. Responses about the adequacy of communication during the merger are listed in Table 10 (The Adequacy of Communication Themes Extracted from the Interviews). The data is presented in descending order with the percentage of responses.

### Table 10
The Adequacy of Communication Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>(47%)</td>
<td>Merger communication via rumors or speculation</td>
</tr>
<tr>
<td>14</td>
<td>(47%)</td>
<td>Lack of information being conveyed</td>
</tr>
<tr>
<td>13</td>
<td>(43%)</td>
<td>Timing or timeliness of merger communication</td>
</tr>
<tr>
<td>12</td>
<td>(40%)</td>
<td>Wanted more upfront and truthful communication</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>Those in management did not know more than regular employees</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>The company did not trust employees’ abilities to handle the truth</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Questioned the truthfulness of communication provided</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Lack of communication contributed to anxiety and resignations</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Merger communication focused on high level changes only</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Negative response to receiving merger communication via the town hall format</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Believed that leadership was not withholding communication, but reported all they knew about the merger</td>
</tr>
<tr>
<td>6</td>
<td>(20%)</td>
<td>Wanted formal communication about what employees’ positions meant to the company</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Thought merger communication was clear and open</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Wanted policy changes conveyed earlier, including benefits and the compensation scale</td>
</tr>
</tbody>
</table>
To illustrate the results, three excerpts on the adequacy of communication about the merger are presented below. These examples were chosen for two reasons. First, each conveys themes more commonly expressed in the interviews. Second, each example represents one of the three perceptions of merger communication: positive, mixed or neutral, and negative.

Communication during the merger was rated positive in eight interviews. Of these eight, four mentioned their direct managers as providing additional information specific to their department. One employee whose description of merger communication was rated positive stated:

I think the company did a pretty decent job [with communication during the merger]. The company would tell us things when they could and my boss was very good at telling us what was going on. He went to monthly meetings and then always came back and told us what was new. BioComp and CompRx did this part very well and they tried to make everything very clear. In that sense, communication was good. I was not sitting around wondering when I was going to be finding out about things.

This was an example of the manager facilitating merger communication with positive results. Managers conveying merger communication was mentioned only by those employees who perceived communication as positive. The eight interviews rated as positive did not provide themes expressed by the majority of interviewees. This example is representative of these eight interviews, not the majority of responses.

Those interviews rated as mixed or neutral presented conflicting or neutral statements about the communication during the merger. An employee who resigned in the third stage of the merger reported that the communication during the merger “was okay. We were sent out emails that were supposed to help the employees. But at the time the rumors were rampant and it was creating a lot of anxiety. It was because we didn’t know what was going on.” This example presents conflicting statements and many
themes. She stated that the merger communication “was okay”, but, in contradiction, she “didn’t know what was going on.” Rumors increased the anxiety, but provided a place for employees to discuss their speculations. She and other former employees expressed the need and desire for more information to be conveyed about the events of the merger. The perceptions of communication during the merger in this example were both positive and negative, yielding a mixed rating. This and other mixed or neutral rated responses often contained more negative than positive statements.

The 13 responses rated negative were usually longer and more descriptive than those rated positive or neutral. The example below was selected because it provided numerous themes.

On a scale of one to five, five being good, I would give it [communication during the merger] about 1.5 – very poor. Whoever the communicating party was did not think about the people and were not prepared about the rumor mill. You can’t say “don’t worry about anything until you have something to be worried about.” Many people left quickly so that they would get the available jobs before their neighbors would. … The info [town hall meeting] sessions that were provided did not help in alleviating the fears. … I don’t think the managers knew what was going on and that is all they told us. Only the people on the top seemed to know what was going on.

This example was rated negative because each statement expressed merger communication in more negative than neutral or positive. It contains many themes about communication during the merger, including: rumors, information being withheld by top leadership, town hall meetings lacking information, and managers not knowing additional information about the merger. In general, communication during the merger was perceived by interviewees as more negative. Inadequate communication seemed to be related to uncertainties. The results of communication during the merger and its interactions with uncertainties are discussed more thoroughly in the discussion chapter.
Aspects That Might Have Retained Employees

Former employees reported factors that may have retained them through the merger. Six interviewees stated that nothing would have retained them with the company. Others alleged that only very impressive propositions, such as being made head of their department, might have retained them. For some, these enticements would have retained them, but only for a short time. Possible retention factors are listed in Table 11 (Aspects That Might Have Retained Employees Themes Extracted from the Interviews). The data is presented in descending order with percentages followed by four expanded upon themes.

Table 11
Aspects That Might Have Retained Employees Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>(23%)</td>
<td>More money or a different salary structure than BioComp’s</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>Less uncertainty</td>
</tr>
<tr>
<td>7</td>
<td>(23%)</td>
<td>The truth of the situation accurately communicated</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Job offer</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Job that utilizes my skills or education</td>
</tr>
</tbody>
</table>

Different salary structure. Seven participants reported that more money or a salary structure different than BioComp’s may have prevented their resignations. Of these seven, three reported money as a reason for their attrition and five as an attractor to their new company. An employee whose new position included an increase in salary stated, “If you take even one dollar from people they are going to get mad.” He was referring to the BioComp compensation structure. If BioComp had had a compensation structure in
which his pay would increase, he may have remained with the company. Another employee said, “Some very lucrative handcuffs” could have retained him, “but that would have kept me only temporarily.” The lucrative handcuffs would have been a large bonus or salary increase. An increase in salary may have retained a few employees, but only for a short period.

*Less uncertainty.* Seven former employees stated less uncertainty might have retained them with the company longer. These seven responses included a reduction in the number of uncertainties described above in the uncertainties results. One person who departed in the first phase of the merger reported that he may have been retained “if more information had been given out about the future of my department, but I don’t think they knew at the time, nobody knew.” In this example, lack of communication resulted in uncertainty. If additional information was known and provided, he may have remained with the company. Uncertainties, intensified by lack of communication about the merger, contributed to employees’ negative experiences and their resigning. A decrease in uncertainties may have influenced the retention of some former employees.

*The truth of the situation.* The “truth” of the situation and the merger was an expressed desire of seven former employees. Interviewees expressed that merger communication from the company was not provided in adequate amounts and did not present a true picture of what was occurring and would happen. These desired truths included additional information on site closures, layoffs, and benefits. This section is similar to the uncertainty section, but this theme focuses more on increased communication during the merger. A person who resigned during the first phase of the merger stated that if he “had been told the truth up front” he would have stayed through
the transition. “If they had said, ‘We are going to tear down this facility and only keep you for a few years to help with the transition and here is what we are going to give you to keep you.’ If they had been honest [I may have stayed]. And that isn’t what they ended up doing. They lied to us.” Earlier and more thorough communication of merger events may have curbed his desire to resign and retained him at least through the transition. This desire for more complete communication was prevalent in this and other results sections. For some, additional truthful communication may have helped to retain them.

*Job offer.* “An offer letter” – a simple answer to what might have retained five interviewees. This quotation was from someone who departed during the third stage of the merger. Former employees, regardless of when they resigned during the merger, wanted to know if they had a job. If the answer was yes, would their positions be comparable to their old ones. The need for a job offer was more complex for five other employees. These former employees not only wanted a job, but ones in which they could use their skills and have potential for growth. An interviewee who resigned in the third phase of the merger stated that “some promise of advancement, even some hope” may have retained him. The necessity of a job offer and an offer with potential job advancement were factors that may have retained some former employees.

*Other Results Not Previously Mentioned*

Some themes did not fit within the above mentioned categories. This section is a compilation of these other themes which were extracted from the entire interview. The themes and frequency of response are in Table 12 (Other Results Not Previously Mentioned Themes Extracted from the Interviews). The data is presented in descending order with percentage of responses followed by the expansion of one of the themes. The
other themes were excluded because they are specific to this merger and are less
generalizable to other merger situations.

Table 12
Other Results Not Previously Mentioned Themes Extracted from the Interviews

<table>
<thead>
<tr>
<th>Number of Responses</th>
<th>Percent of Whole</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>(40%)</td>
<td>Work time spent speculating or having “water cooler talks” about the merger</td>
</tr>
<tr>
<td>10</td>
<td>(33%)</td>
<td>BioComp = Big Corporation</td>
</tr>
<tr>
<td>9</td>
<td>(30%)</td>
<td>BioComp had slow processes or was bureaucratic</td>
</tr>
<tr>
<td>8</td>
<td>(27%)</td>
<td>Missed their coworkers from CompRx</td>
</tr>
<tr>
<td>8</td>
<td>(27%)</td>
<td>Described CompRx as having a friendly family feel</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Questioned the purpose of the merger because BioComp had recently downsized CompRx’s product areas</td>
</tr>
<tr>
<td>5</td>
<td>(17%)</td>
<td>Would be open to working for BioComp again</td>
</tr>
</tbody>
</table>

Rumor mill. Rumors were briefly discussed in the merger communication section.

This informal coworker communication process was reported by many interviewees (N=14) as a way to receive information. Twelve of those 14 interviewees reported that work-time was spent discussing the merger with coworkers. Five of these twelve participants reported these discussions impacting their daily work. The way in which these discussions negatively impacted work included the time spent conversing and the additional stress caused by the rumors. One interviewee reported, “We talked about it [the merger, the changes in the company] around the water cooler.”

Phases of the Merger

The three phases of the merger were artificially created based upon the research of Fugate et al. (2002). Division into phases was determined by events during the merger
timeline. Although the groups were artificial, response results were different between the phases. Expressed themes found more predominantly during specific merger phases are in Table 13 (Themes Differentiated by Phases of the Merger). The participants who resigned during Phase One were the most homogeneous of the three groups. The group who resigned during Phase Two provided the least similar responses. After analysis, this group had no common themes. Those who departed during the third phase responded with a few common themes. The phases of the merger are discussed separately below with their common themes.

Table 13
Themes Differentiated by Phases of the Merger

<table>
<thead>
<tr>
<th>Category and Theme</th>
<th>Total Theme Response</th>
<th>Responses by Merger Phase*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>One</td>
</tr>
<tr>
<td>Reasons for Employee Attrition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainties in potential changes</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Culture or Environment Changes</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Saw Coworker Resign or Get Fired</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Morale Reduction</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Treatment of Employees</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>The Merger</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Prevented from Resigning Sooner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Their Boss or Manager</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Uncertainties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Offer or Job Insecurity</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>Communication During the Merger</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of Information Being Conveyed</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Rumor Mill</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Inadequate (Reported Negatively)</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Timing or Timeliness</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>Management Didn't Know More than Employees</td>
<td>10</td>
<td>7</td>
</tr>
</tbody>
</table>

*During merger Phase One (N=14), Phase Two (N=7), Phase Three (N=9)

Phase One: Anticipation. The largest interviewee group consisted of those who resigned during the first phase of the merger (N=14). Common themes for this group
focused on lack of communication, uncertainties, and morale and culture changes. The group described communication during the merger as being inadequate (n=9). Participants expressed that additional merger communication was needed (n=9); it was “tight-lipped”. Former employees discussed the merger “around the water cooler” (n=10). Formal communication during the merger was subverted by rumors speculating on events that might happen during the merger (n=10). It was expressed that merger communication was slow (n=7) as were job offers (n=7). The morale was reported to have dropped (n=8). Those who resigned during Phase One had the most similar themes of the three phase groups.

**Phase Two: Initial change.** No consistent themes were expressed by the employees who departed during merger Phase Two. This was the shortest merger phase, the five months between the site announcements and the legal name change. It also had the lowest number of interview respondents (N=7). The low response rate from this group may have contributed to inconsistencies in themes.

**Phase Three: Reality.** Nine interviewees were from Phase Three of the merger. This phase was nine months, the longest phase, from the name change until one day prior to all legal changes. A few common themes were expressed by these respondents. This group expressed a dislike in the treatment of employees during the merger (n=6). Uncertainties (n=6) were a frequent reason for resignation. A common uncertainty was the lack of a job offer (n=8). Employees who resigned during this merger phase expressed only a few common themes. Differences found between the merger phases are analyzed further in the discussion chapter.
Case Studies: Two Employees Who Resigned

The previous section presented the qualitative results of the interviews in a quantitative manner. To better understand the above results, two individual cases were selected. Many previously described themes, additional data, and interactions between themes are illustrated by these cases. The case studies were selected for their different perspectives of the merger. The cases are “Marie”, a younger female in sales, and “Kent”, an older male located at the U.S. headquarters site. Each resigned during different phases of the merger, had different perspectives on communication during the merger, and had different reasons for attrition. Because uncertainties about change were common throughout the interviews, it was important for the selected interviewees to have more than five years of tenure. Marie had five years of tenure, while Kent had been employed by the company for over fifteen years. These interviews provide a more complete picture of the merger from the perspective of two former employees.

Case One: Marie from Sales

“Marie” joined CompRx early in her career because she liked the environment, the pipeline of products, and working for a medium-sized company. The district manager who hired her also influenced her joining the company. She was hired in the sales division as a field sales representative. Because CompRx was a medium-sized company, she saw the potential for career growth and aspired to becoming a manager at some point. “I feel like smaller companies have more opportunity to move up, especially at the beginning of your career. It seemed like a good place to start.”
Reasons for resigning. Marie had worked at CompRx for approximately five years when the merger started. She had been promoted and was managing a team of sales representatives. In the three years prior to the merger, she had started to see changes at CompRx. Specifically, the culture of CompRx had changed. In sales there was an increased focus on quantifiable outcomes. “They were trying to put more focus on the results and measurements, but they didn’t have a reliable means to measure the results.” Added pressure was placed on the sales teams to deliver results. This was difficult with the new measurements; one year her team’s sales were very high, the next very low. This put increased pressure on Marie as a team leader. She and her manager’s relationship had started to suffer because of these new pressures. The company culture which had initially attracted Marie to CompRx had changed. Marie saw a probability of more culture and policy changes with the merger.

Throughout the merger Marie felt her job was secure and that she would be hired into the new company. However, she began to reconsider her position. She had never looked into other jobs during her CompRx tenure and decided to peruse alternative positions. She gave her resume to a recruiter who had been contacting her. Her intention was not to depart from CompRx, only to ascertain what other opportunities might be available. “I was just interested to find out what else was out there. …With CompRx I had gotten very complacent and I thought I was going to be there for life, but when things start to change, wise people reassess their situation.” Marie’s reassessment eventually resulted in her taking a position with a new company.

Two other factors influenced Marie’s turnover. Since the beginning of the merger, pressure had increased on the sales division to perform at a higher level. After years of
having a high performing team, Marie’s team had had a difficult year meeting their goals. Marie expressed this change was largely due to newly implemented, unpredictable measurements. Her manager pressured Marie to make her team perform at a higher level. Rather than looking at the team’s history of success, the new performance policies assessed teams annually. This was in a sharp contrast to the CompRx policies which allowed for an occasional low year. Marie disagreed with these policy changes and the added pressure.

A second factor in her resigning was Marie’s pursuit of her Master’s in Business Administration. As a result of her studies she learned that CompRx and BioComp’s product pipelines were not as robust as the leadership of the companies proclaimed. She gained a greater understanding of the healthcare market and its impact on CompRx. Smaller companies in healthcare, she came to realize, experience periods of expansion and retraction depending upon research, development, and patent expiration. Marie expressed that management had overstated the strength of the product pipeline. The merged company did not have adequate numbers of products in the development stage. Through her studies, Marie became aware that the company’s production future was not as resilient as she had once believed.

*The merger.* When asked about the merger, Marie expressed that it was good for the longevity of CompRx and BioComp. It created a larger company with considerable influence in the market and capital to invest in new products. Although she thought it good for the company, Marie reported that the merger was not good for the employees of CompRx. “Whenever a new company comes in, changes happen and the structure of
CompRx was good the way it was.” The merger also created benefits for employees.

With BioComp Marie saw the potential for more career development opportunities.

Adequacy of merger communication. As a supervisor in the field, Marie was in charge of communicating information and changes to her team. With the merger, the amount of merger communication she received and had to disseminate increased. One to two hours per week were spent discussing the merger with her superiors and another two to four hours with her team. She reported that the amount of information she received was adequate. This positive report of communication during the merger may have been influenced by two factors. First, sales representatives work independently and are more isolated. They have regular phone meetings with their team leaders and headquarters. These meetings were short, but were consistent prior to and throughout the merger. If information on the merger was lacking for a few weeks, Marie’s team would contact her for additional information. Marie called it “fear out of silence.” When there was limited merger communication, Marie reported her subordinates reasoned that plans were being made by the leadership and that layoffs were imminent. However, the consistent merger communication alleviated many concerns. The second factor was Marie’s frequent conversations with her manager. Marie regularly spoke to her supervisor about the merger. If she or her team had questions about the merger, she would talk to her manager about their concerns. For Marie, the amount of communication during the merger was sufficient.

There were some problems with the merger communication for Marie: the fidelity of information. “My problem with the [merger] communication was not the amount, but the truthfulness.” Throughout the merger it was communicated that layoffs would not
occur, but this assurance was not honored. As a supervisor, Marie was in “a terrible position.” She had conveyed information about no layoffs. Months later she had to dismiss a subordinate who was not expecting to lose his job. “I had to fire someone because of these layoffs who wasn’t expecting it. And, honestly, I wasn’t expecting it either. It came as a surprise to me, but I had to fire them. It was one of the worst feelings to have to call someone into a general meeting and then fire them.” If Marie could have changed the information conveyed from the company, she would have made it more upfront and truthful.

Resignation. As the major contributor to her household, Marie felt a greater need to protect herself as the merger progressed. CompRx did not have a history of layoffs, but BioComp did. She knew that if there were to be layoffs, it would be more difficult for her to find another position. “When there is a layoff there is a flux of people that are leaving with similar qualification and all from the same company.” Marie decided to become more proactive in her job search.

Marie eventually resigned during the second phase of the merger. She joined a company that gave her more autonomy, compensation, and other attractive features. Many factors would have retained her through the merger. One factor was her coworkers. “The current members of the organization are pretty incredible, the people from CompRx who are still there are a big positive.” Another positive was the potential for growth within the new combined company. The combined company was much larger with prospective career opportunities in many areas. The prospect of have more opportunities of advancement in the new company or working with her former colleagues were not great enough to prevent her from resigning.
Her reasons for resigning were many, but no one factor alone was enough for her to depart from the company. It was the combination of uncertainties about her situation and the opportunity she was offered that influenced her resignation. Nevertheless, the merger was the catalyst for her to start looking for a new position. She concluded the interview by stating, “BioComp has huge potential to impact the market, but there is still [uncertainty] in it… I don’t think even BioComp knows where it [the merged company] will go.”

*Case Two: Kent*

“Kent” joined CompRx 15 years prior to the merger. The company appealed to him because of the opportunities for him to expand his expertise and responsibilities. During his long tenure with CompRx, he had considered resigning, but never seriously. He stated, “You don’t stay at a place for a long time. After awhile I started to get bored.” The primary factor that prevented Kent from departing earlier was loyalty to his manager. Kent had worked with the same manager prior to working at CompRx.

*Reasons for resigning.* When the merger started, Kent considered his situation. He determined that developmental opportunities with his manager had been maximized. This realization and the merger combined to compel him to look for a new job. Directly after the merger was announced, a healthcare company contacted everyone in his department. When Kent received his phone call from the prospective company, he responded. Since he had never seriously looked before, this was an opportunity to discover new possibilities. He revised his resume and forwarded it to the company who eventually became his new employer.
Factors that contributed to Kent’s turnover were largely the merger and factors resulting from the merger. There were uncertainties whether his job or department would exist after the merger was complete. After he resigned, this doubt was realized – open positions in his department were not replaced with new staff. Other employees had started departing from the company and to Kent it seemed that “all the good people were gone before the new management had taken effect.” For Kent it was a difficult environment in which to work. One positive about the new environment was that it made looking for a new position easier. In a less volatile environment he might have felt more loyalty and commitment to CompRx. He was excited about looking at new opportunities which might be available because he had started getting “too comfortable” at CompRx. Without seriously looking for another job prior to the merger he did not know his marketability, but looked forward to change.

The merger. According to Kent, the merger was not a good idea for CompRx or the employees. “I thought that [the merger] was not necessarily in the best interest of the company.” For CompRx employees, the merger was not going to be beneficial because CompRx heads were not being selected for global leadership positions. To Kent, that revealed what was to become of local leadership and other positions within the newly merged company. The merger had not started to change his daily work, but he and his coworkers spent a lot of time discussing the merger.

Adequacy of merger communication. Lack of communication during the merger contributed to his resignation. Kent reported that he had only received information on “higher level issues” such as the announcements of who was going to be on the board and who would hold company executive positions in various countries. The merger process
moved much slower than he had expected. Communication about the restructuring, and decisions being made were all slow to be announced. He reported that the company could have warned employees to expect a lag in communication during the merger. He expressed the need to be told by the company “that each department was important to the overall scheme of the company.” The lack of communication contributed to his uncertainties and his subsequent attrition.

Resignation. Kent departed in the first phase of the merger. Between the merger and the position he was offered, nothing could have prevented him from resigning. The position he accepted provided new opportunities to learn and grow, ways in which his old position had become stagnant. He perceived that the potential for growth and development opportunities were not available to him at CompRx or BioComp. A large factor in his decision to accept his new position was the swiftness of the offer. They received his resume and arranged an interview shortly thereafter. After interviewing for the position, an offer came only two days later. He expressed appreciation for the timeliness because it showed they really wanted him. If it had not been for the merger, he intimated that he likely would not have looked for another job. However, the position he found was compatible with his expertise and in a direction he wanted his career to encompass. “I think I would have taken this job even without the merger.”

Archival Data

Employee archival data were collected from the company for analysis. The data included two sets of company information: 1) five years of information of CompRx
employees who resigned; and 2) information on the current population of CompRx employees as of the official final day of the merger. The data of employees who departed included 20 months of resignations during the merger and 40 months of resignations prior to the merger. The data were separated into three groups depending upon the date subjects resigned or if they remained with the company. The groups were: the premerger departure group (those who resigned in the 40 months before the merger), the merger departure group (those who resigned during the 20 months of the merger), and the current employees (those who were working at the company as of the last day of the merger). To determine if the merger departure population was statistically similar to or different from the premerger departures or the current employee populations, chi-squared tests were performed on each category. The information compared included gender, age, tenure, and yearly performance review rating. The results of the chi-squared analysis tests between the employee who resigned during the merger and those who resigned prior to the merger or those who remained are presented in Table 14 (Statistical Significance of Demographic Categories Comparing Premerger Departures and Current Employees to Merger Departures).

Additional analyses were performed on the merger data. The merger population was divided into the three phases of the merger depending on the subjects’ date of resignation. The population who resigned during each phase was compared to the premerger population and the current employees using chi-squared tests. These artificial groups were not compared to each other. These results are presented in Table 15 (Statistical Significance of Demographic Categories Comparing Premerger Departures and Current Employees to Employees Who Resigned during Different Merger Phases).
The results indicate that the merger population was both statistically different from and similar to the premerger departure and current employee populations.

Table 14
Statistical Significance of Demographic Categories Comparing Premerger Departures and Current Employees to Merger Departures

<table>
<thead>
<tr>
<th>Category</th>
<th>Premerger Departures</th>
<th>Current Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race/Ethnicity</td>
<td>p=.0525</td>
<td>p=.0619</td>
</tr>
<tr>
<td>Gender</td>
<td>p=.1</td>
<td>p=.1884</td>
</tr>
<tr>
<td>Company Grade Levels</td>
<td>*p=&lt;.0001</td>
<td>*p=&lt;.0001</td>
</tr>
<tr>
<td>Work-Site Locations</td>
<td>*p=&lt;.0001</td>
<td>*p=&lt;.0001</td>
</tr>
<tr>
<td>Termination Reason</td>
<td>*p=.044</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Company Divisions</td>
<td>*p&lt;.0001</td>
<td>*p&lt;.0001</td>
</tr>
<tr>
<td>Tenure with the Company</td>
<td>*p=&lt;.0001</td>
<td>*p=&lt;.0001</td>
</tr>
<tr>
<td>Age Groups</td>
<td>*p=&lt;.0001</td>
<td>*p=&lt;.0001</td>
</tr>
<tr>
<td>Yearly Performance Review</td>
<td>*p=&lt;.0001</td>
<td>p=.4948</td>
</tr>
</tbody>
</table>

*Significantly different

**Work-Site Locations**

Employee work-site locations of merger departures were significantly different compared to the premerger departure population, $k^2=104.91$, df=5, $p<.0001$; and the current employees, $k^2=43.09$, df=5, $p<.0001$. This was due to a decrease in departures from the sales force and increase from the northeast and northwest work-site locations during the merger compared to premerger departure and current employee populations. In the comparison of phases of the merger, the work-site locations of the merger departures
were significantly different for current employees during Phase One, $k^2=34.81$, df=4, $p<=.0001$; and Phase Two, $k^2=12.9$, df=4, $p=.0118$. During Phase One there was an increase in attrition from the northwest and northeast, and a decrease from the sales force compared to current employee populations. During Phase Two the increase in departures resulted from an increase in departures from the northeast and a decrease from the sales force.

Table 15

Statistical Significance of Demographic Categories Comparing Premerger Departures and Current Employees to Employees Who Resigned during Different Merger Phases

<table>
<thead>
<tr>
<th>Data Group</th>
<th>Premerger Departures</th>
<th>Current Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Merger Phase</td>
<td></td>
</tr>
<tr>
<td></td>
<td>One</td>
<td>Two</td>
</tr>
<tr>
<td>Race/Ethnicity</td>
<td>$p=.5936$</td>
<td>$*p=.0019$</td>
</tr>
<tr>
<td>Company Grade Level</td>
<td>$*p=&lt;.0001$</td>
<td>$*p=.0062$</td>
</tr>
<tr>
<td>Work-Site Location</td>
<td>$p=.3607$</td>
<td>$p=.3979$</td>
</tr>
<tr>
<td>Termination Reason</td>
<td>$*p=&lt;.0001$</td>
<td>$p=.05828$</td>
</tr>
<tr>
<td>Company Division</td>
<td>$*p=.0005$</td>
<td>$*p=&lt;.0001$</td>
</tr>
<tr>
<td>Tenure</td>
<td>$p=.0592$</td>
<td>$*p=&lt;.0001$</td>
</tr>
<tr>
<td>Age Groups</td>
<td>$*p=.0321$</td>
<td>$p=.0629$</td>
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<tr>
<td>Yearly Performance Review</td>
<td>$*p=&lt;.0001$</td>
<td>$*p=&lt;.0001$</td>
</tr>
</tbody>
</table>

*Denotes significant differences

Company Divisions

Company divisions of merger departures were significantly different compared to the premerger departure group, $k^2=49.59$, df=5, $p=<.0001$; and current employees,
There was a decrease in attrition from the sales force and an increase from research positions and corporate management compared to both populations. When comparing the merger phases, the company divisions were significantly different for both premerger departure and current employees in all three phases – Phase One with premerger departures, \( k^2=21.99, \text{df}=5, p=.0005 \); Phase One with current employees, \( k^2=24.03, \text{df}=5, p=.0002 \); Phase Two with premerger departure, \( k^2=25.98, \text{df}=5, p=<.0001 \); Phase One with current employees, \( k^2=13.08, \text{df}=5, p=>.0226 \); Phase Three with premerger departures, \( k^2=25.35, \text{df}=5, p=.0001 \); Phase Three with current employees, \( k^2=\text{infinity}, \text{df}=5, p=.0001 \). Phases One and Two saw an increase in researchers and corporate management departures, with corporate managers continuing to depart during Phase Three. Phases One and Two produced a decrease in sales force attrition compared to both populations.

**Yearly Performance Review Ratings**

Significant differences were found in comparisons of the yearly performance review data. The yearly employee performance review ratings of merger departures were significantly different from ratings of premerger departures, \( k^2=138.76, \text{df}=4, p=<.0001 \). Differences between the compared groups included a decrease in those rated “outstanding” resigning and an increase in those rated “exceeds expectations” resigning. In comparing the phases of the merger, the yearly employee performance review ratings of merger departures were significantly different during all phases and compared to both groups with the exception of Phase One compared to current employees. During Phase One the merger population was statistically different to premerger departures, \( k^2=96.85, \text{df}=4, p=<.0001 \); Phase Two with both the premerger departures, \( k^2=24.53, \text{df}=4, p=.0001 \).
p = .0001; and current employees, k^2 = Infinity, df = 4, p = .0001; and Phase Three with both the premerger departures, k^2 = 40.72, df = 4, p = .0001; and current employees, k^2 = infinity, df = 4, p = .0001. During all phases there were sharp decreases in the attrition of those rated “outstanding” and increases from those departures rated “exceeds expectations”.

Company Grade Level

Significant differences were found in company grade levels of merger departures compared to both the premerger departure population, k^2 = 52389, df = 4, p = .0001; and current employees, k^2 = 50.23, df = 4, p = .0001. An increase in employee departures from positions supervisor and higher (supervisors, managers, directors, vice-presidents, and executives) and a decrease in exempt employee attrition occurred during the merger. Upper leadership departures were most prevalent during the first phase of the merger (Phase One compared to the premerger departures, k^2 = 61.77, df = 4, p = .0001; Phase One compared to the current employees, k^2 = 26.65, df = 4, p = .0001), but this trend perpetuated itself through the course of the merger (Phase Two compared to the premerger departures, k^2 = 14.36, df = 4, p = .0062; Phase Two compared to the current employees, k^2 = 15.94, df = 4, p = .0031; Phase Three compared to the premerger departures, k^2 = 28.74, df = 4, p = .0001; Phase Three compared to the current employees, k^2 = 22.33, df = 4, p = .0002). Attrition of employees from management positions above supervisor were elevated during every phase of the merger, while there was a decrease in attrition of exempt employees during all phases.
Between Qualitative and Quantitative Data

A final analysis using the archival data was performed to determine if the 30 participants interviewed were statistically representative of the population of employees who departed during the merger. The demographics of the 30 participants were compared to those from the archival data using chi-square functions. The analysis results indicated the participant group was statistically representative of the larger employee group.

Conclusion

The analysis of data brought forth a number of themes and information about the merger. Employee attrition occurred for a number of reasons, but predominantly because of uncertainty in the situation. Employees chose to resign from the company during a time of turmoil and unknowns to join different companies with different unknowns. Inadequate communication about the merger was a major factor that contributed to the uncertainties. Facilitation of communication with regard to the company structure, site closures, and job offers were hindered by confusion in the merger planning process. Merger communication was perceived as inadequate by most interviewees. Prior to the merger, some employees had contemplated resigning from CompRx. For most, the merger was the major catalyst in their departure. Interviewees were often attracted to new positions for analogous reasons stated as a basis for their resignation. In the end, few factors would have retained these former employees with the company. More transparent merger communication, large bonuses, and greater development opportunities may have influenced retention of some employees.
Differences between employees who resigned during the different phases of the merger were found in both the qualitative and quantitative data. In the interview data analysis, interviewees who departed during from Phase One expressed the most common themes, mostly surrounding lack of communication and uncertainties. Phase Three reported some common themes including dissatisfaction with the treatment of employees and a desire for job offers and fewer uncertainties. With the archival data, differences were found for each phase groups.

From the archival data, significant differences between the data groups arose. The employees who resigned during the merger differed by age, years of tenure with the company, and yearly employee performance review ratings. Work-site closures likely influenced differences found between work-site locations and company code departures. The differences found during archival data analysis reflect changes that occurred during the merger. The data analyzed in this results chapter are addressed further in the discussion chapter.
CHAPTER V
DISCUSSION

In this chapter, the more pertinent results of the study are further analyzed with references to the literature review chapter. This chapter is comprised of three sections: discussion of results, implications for future studies, and the conclusion. First, the stated expected results from the literature review chapter are revisited. Some of these original hypotheses were supported by the results of this study. Other results from the interview data and the researcher’s personal interactions with the study are then discussed. The review of results section is supported by the archival data and research literature. The final part of the review of results revisits the archival data results. Some pieces of the archival data seem to be related to each other as explained in this section. The second section includes areas in which the study could be improved, such as the limitations of the study and possible adjustments for future studies. This chapter is summarized in the conclusion. The discussion provides space for the researcher to express ways in which the study is relevant to current research and to speculate reasons for of the results.

Review of Results

In the literature review chapter, results of the study were hypothesized. The expected results presented were based upon past research of mergers, change
management, and employee satisfaction and attrition. The expected results included: reasons for employee attrition, differences according to the phase of the merger in which an employee resigned, and differences between demographic groups. Below are the results related to these initial speculations. The majority of the hypotheses were supported by the results, but not all.

Reasons for Employees Attrition

In relation to other studies. It was anticipated that reasons for employee turnover would be similar to past studies of attrition with additional trends related to the merger. This prediction was supported by the results of this study. According to studies on employee attrition, employees frequently resign from companies because of compensation, their manager, and future career opportunities (CIPD, 2007; CLC, 2006; Johnson, 2005; Westcott, 2006). Former employees in this study moderately supported these past studies of attrition. Former employees expressed their manager, expected decrease of salary, and limited future opportunities within the merged company as reasons for their departure. Themes that were congruent with past studies were provided less frequently than merger-related reasons for attrition. Merger-related trends included uncertainties, culture and environment changes, co-worker attrition, reduction in morale, treatment of employees, and the merger. As hypothesized, reasons for resignation were similar to past studies, although participants were more apt to provide merger-related reasons for their attrition.

Reason related to the merger. As hypothesized, former employees presented reasons for turnover not reported in previous attrition research, but related to the merger. It was predicted that merger-related trends may include negative perceptions of the
purchasing company, opinions that outcomes of the merger would be harmful to employees, and beliefs that the work situation would change in unfavorable ways. Participants described these hypothesized and other trends as merger-related reasons for attrition. Perceptions of the purchasing company and merger were anticipated because of past research on employees who remained with companies through mergers (Ashkenas et al., 1998; “Firms Strive,” 2004; Marks, 1997; Schweiger & Denisi, 1991; Terry & Callan, 1998). Although perceptions of BioComp and the merger were provided as reasons for departing, these did not occur with great frequency. This discrepancy may be due to referenced past studies being conducted with employees who remained through mergers. Expected negative outcomes of the merger were described by few participants, mostly ones who had been through mergers in the past. These participants described “knowing what to expect” from the merger because of past experiences. These merger descriptions were usually related to mergers in general rather than this merger in specific. Negative perceptions of BioComp described by interviewees pertained mostly to competition between employees of CompRx and BioComp for jobs. The “us versus them” descriptions applied to both upper and lower level positions. Outside of competition for jobs, few negative perceptions BioComp were presented. Participants expressed limited negative perceptions of BioComp and of the outcomes of the merger. These were not major reasons for their departures.

The third expected trend was the most consistent reason for attrition described by participants. Uncertainties or the perception that their work situation would change in unfavorable ways was the most frequent reason for resigning (N=18). Some uncertainties about the situation included perceptions of change in compensation, job duties, company
structure, benefits, and company culture. Some uncertainties are similar to general reasons for employee attrition. Uncertainties may be found in general attrition studies, but at frequencies that do not merit reporting. In this study, reasons for turnover moderately supported past attrition studies, but subjects were more likely to report merger-related reasons, such as uncertainties, for resigning.

**Merger communication.** Inadequate communication was anticipated to be a reason for employee attrition. This hypothesis was based upon past research of employees who remained through mergers (Ashkenas et al., 1998; Fugate et al., 2002; Marks, 1997; Schweiger & Denisi, 1991). The results did not support inadequate communication as a reason for departure, although it was important during the merger. Participants frequently (N= 10) commented on the inadequacy of merger communication early in interviews. Past merger studies conveyed the need for increased honest communication about the merger to prevent employee turnover. Realistic communication during mergers helps employees cope with uncertainties (Schweiger & Denisi, 1991). More thorough merger communication may have decreased the number of uncertainties provided by participants. Many uncertainties, including job offers, site closures, outcomes of the merger, and benefits, were related to unsatisfactory communication. Inadequate communication, although not provided as a reason for resigning, likely contributed to departures.

Inadequate communication during the merger and merger-related uncertainties seemed to be related. In past studies adequate or realistic merger communication had been associated with a reduction in merger-related uncertainties (Fugate et al., 2002; Marks, 1997; Schweiger & Denisi, 1991). Supporting the connection between inadequate communication and an increase in uncertainties, DiFonzo and Bordia (1998, p.295)
stated, “The key element distinguishing effective communication strategies is the proper management of uncertainty.” With a large percentage of respondents in the present study reporting communication during the merger as inadequate (N=13), a high number of uncertainties should be expected and were reported. Eight of these 13 participants – 61 percent – stated uncertainties as a reason for their resignations. Conversely, of the eight participants who reported communication as sufficient during the merger, only two – 25 percent – resigned because of uncertainties. Uncertainties were reported throughout the interviews and were a reason for employee attrition for 18 participants. The association between perceived adequate communication and uncertainties found in other studies was supported by this study.

Phases of the Merger

As was expected, there were response differences according to the merger phase during which employees departed. The merger was divided into three phases: anticipation, initial change, and reality. These phases were based on research by Fugate et al. (2002). In their study, it was speculated that employees cope with merger stress differently over time. “Perceived control is lowest during the anticipatory stage, increases at the initial change stage, [and] remains stable through the final [reality] stage” (p. 921). Fluctuation in perceived control may account for some of the differences between phases in the present study.

Phase One. Similar to the Fugate et al. (2002) study, the greatest attrition occurred during the first phase of the merger (N=149). This anticipatory stage also had the largest number of interviewees (N=14). Few changes took place at CompRx during this phase and merger communication was limited. Employees anticipated news about the
merger, its effect on jobs and the work-place, announcements about work-site closures and effects on jobs and specific changes. In the current study some similarities to past merger studies arose including lower morale and an increase in uncertainties. Uncertainties, culture change (anticipated and real), diminishing morale, and “the merger” were common reasons for employee attrition during this period. Stress related to observing coworkers departing was the most common factor for resigning during this phase and does not correspond with past studies of mergers. It may have been a factor provided in past studies, but placed under another theme such as “stress” or “uncertainties”.

The largest volume of uncertainties came from participants who resigned early in the merger. Uncertainties reported by Phase One departures included work-site closures, department insecurity, being replaced by a BioComp person, and having projects put on hold, but the most prevalent uncertainty was job insecurity. Inadequate communication and an increase of rumors were reported during merger Phase One. Merger communication was slow and interviewees desired more open communication, but reported that management was also not fully aware of the situation. To fill the merger communication void, work-time was spent speculating with coworkers about possible merger outcomes. For many who had contemplated leaving before but had stayed because of their manager, the situation changed and they resigned. Work-site announcements were made at the end of Phase One. At that point, BioComp announced limited information about aspects of the merger and the initial changes being made. Employees who departed during Phase One of the merger expressed similar views of uncertainties and inadequate communication.
Phase Two. During Phase Two merger communication increased, uncertainty decreased, and anticipation of imminent job loss and other threats diminished (Fugate et al., 2002). This may account for the lack of consistent themes from participants who resigned during merger Phase Two. Employees who departed during Phase Two were also the smallest participant group (N=83) and interview group (N=7). It was the shortest phase of the merger. With an increase in communication occurring at the beginning of this phase including work-site closure and probable job-cut announcements there was likely a reduction in uncertainties. Additional merger communication was conveyed, including timetables for job announcements, work-site closures, and job reductions. After the first phase of the merger, there is an increase in perceived control which remains stable through the end of the merger (Fugate et al., 2002). The increase in perceived control may be related to the increase in communication and account for reduction of uncertainties. Participants’ responses throughout Phase Two were inconsistent as a group which may be due to increased merger communication and perceived control reported in past studies.

Phase Three. Phase Three was comparable to Phase Two as perceived control possibly stabilized (Fugate et al., 2002) few consistent uncertainties were reported. One hundred thirty-eight employees resigned during Phase Three and nine interviewees were from this phase. One consistent uncertainty reported by this group was the delay of job offers which were scheduled to be announced at the beginning of Phase Three. This timetable was not maintained by the company due to difficulties in finalizing the structure of the combined company. Eight of the nine interviewees who departed in the third phase reported lack of job offers as an uncertainty and/or a reason for resigning.
Some received job offers, but had already decided to resign. Reasons for resignation also included uncertainties, culture change (more reality than anticipated), and treatment of employees. Fugate et al. (2002) reported that during the last stage of the merger, employees responded negatively to changes that occurred later in the merger. This may relate to the increase in responses of negative treatment of employees and culture changes as reasons for resignation. Multiple respondents reported abrupt changes in the treatment of employees and an increase of unrealistic expectations. One former field sales representative reported that he and others had been threatened by managers during conference calls and individual meetings. Only one year earlier this interviewee reported being commended for taking “one of the lowest sales areas” and making it one of the top. The adoption of BioComp’s policies likely increase reports of unfavorable treatment of employees and culture changes, and sluggish job offers increased uncertainties for this group.

Differences Between Demographic Groups

Differences were expected between the demographic groups of age, gender, race/ethnicity, and years of tenure. These expectations were partially supported by the results. From the interview data some differences were detected, but were inconclusive. Because of the small participant number (only 30 interviewees) group differences were, at times, difficult to distinguish. Dividing these 30 interviewees into smaller demographic groups created groups that were often too small from which to extrapolate data. For instance, demographic groups of tenure, age, and race/ethnicity each contained two subgroups with fewer than five participants. Response differences may have been ascertained with a larger sample size. Significant differences were detected in the
archival data for age and tenure, but not for gender and racial groups. Demographic group differences were partially supported by the results of the study and are discussed in more detail below.

*Age group differences.* During the merger, there was a significant increase in 30-39 year-olds resigning and 40-54 year-olds remaining with the company. These results could be related to two trends explained in the literature review chapter: life span development and generational differences. According to D. L. Levinson et al. (1978), in one’s thirties a person is looking for a position in which he can develop and gain skills for future career growth. If it is perceived that these needs will not be met, thirty-year-olds will depart from their situation. This is intensified in the thirties age group by generational trends – GenX characteristics and tendencies. Xers are less loyal to companies and are more likely to resign to protect themselves (CIPD, 2007; CLC, 2006; Joinson, 2007). In contrast, the forty-year-old and older employee is more established in his career and is not as interested in upward growth. He is concerned in finding meaning in his work (Levinson et al., 1978). Being a part of GenJones, he will find ways to work within the system rather than abandon it like GenX. With his experience he has the option to depart from the company, but knows it might not be necessary (Braly, 2009; Lang, 2000). These generational and career path differences may account for the increase in resignation in 30-39 year-olds and decrease in 40-54 year-olds.

*Tenure group differences.* The resignation patterns of tenure with the company groups were significantly different during the merger. There was a decrease in resignations by employees with fewer than three years tenure with the company, but an increase for those with four to ten years tenure. BioComp policy changes included the
dismantling of CompRx’s retirement system. These changes were most significant for the four to ten years tenure groups.

A decrease in resignations from those with fewer than three years could be for a variety of reasons. BioComp representatives were surprised when results of the initial analysis reported a decrease in career opportunities; BioComp is a larger company with more opportunities for growth. For those with less than three years tenure, opportunities could have been their perception of the situation. Commitment to a company develops over time (CIPD, 2007; Flowers & Hughes, 1973; Harris & Cameron, 2005). Because this group was newer, these employees likely had lower levels of commitment and buy-in to the company culture of CompRx. Compared with employees with more commitment to CompRx, this newer employee group may not have been as threatened by the situation. Employees with less than five years tenure are also more likely than longer tenured employees to view company communication as truthful (“Good communication”, 2004). With reports from interviewees that merger communication lacked truthfulness and was not open, this may not have been newer employees’ reality. No one reason for resignation differences between tenure groups seems to be supported by past research.

**Gender and racial group differences.** Differences initially expected between gender and racial groups were not found. During the information gathering phase, some employees expressed the perception of a lack of diversity at BioComp. These perceptions were not expressed during the interviews and may not have been shared unilaterally. The initial information was gathered from available informants, not by random selection. The lack of difference found between genders may be the population studied. Research on attrition of women often focuses on women in leadership positions (Desvauz et al., 2007;
Pettersson et al., 2007). In this study, women in leadership were not separated for additional comparisons because of the group’s small size. CompRx’s limited number of employees who identify as persons of color likely contributed to non-significant results between racial groups. Approximately 20 percent of those who departed (N=86) identified themselves as persons of color. If racial diversity had been greater, statistical power would be greater, increasing the probability of significant differences. Statistical differences may have been found between the gender and racial groups with larger or different sample populations.

The Researcher in the Study

Researchers generally impact their studies in some way (Landsberger, 1953). Through choice in research topic, selection of population and interview questions, interactions with the organization, communication with interviewees, and analysis of data, the researcher impacts the work being done. This section pertains to the researcher and different ways she impacted the current study. First, the interactions between the researcher and CompRx and its employees are described using part of Alderfer’s Embedded Intergroup Relations Theory (EIRT) (1986). The researcher’s group memberships are used to discuss her interactions with CompRx through the study design, contact with organization, and relations with interviewees. Second, researcher bias can affect studies, particularly qualitative studies. Ways researcher bias was reduced in this study are mentioned. Finally, the benefits, deficits, and balancing of the researcher in her dual roles as company employee and researcher are discussed. Researcher interactions with the study can both negatively and positively impact studies. In this study, the
researcher’s involvement and affiliations enhanced some aspects of the study, while it complicated other areas.

*Use of self.* As a researcher looking at ways I impacted my study, I used my personal interactions with the organization as an analysis tool. Using Alderfer’s (1986) EIRT as described in the literature review chapter, some of my interactions with CompRx are described. Many interactions with and reactions to me occurred due to my group memberships. Below are descriptions of those groups that seemed most relevant to the study.

CompRx employees were comprised of mostly educated, middle- to upper-class professionals. Most were white, between 40 to 55 years old. Although they were about equally male and female, females were less likely to be in higher positions in the company. I, the researcher, am an educated, young, white, female student who worked as an intern within CompRx and later BioComp. My group memberships of Human Resources (HR) intern, a student, and female are discussed below.

CompRx employees viewed me, the researcher, through the veil of my group memberships. The group memberships most stimulated during the study were my roles of an HR intern, a student, and a female. As an intern I was told by coworkers that I was young, inexperienced, and had less clout than full-time employees. To successfully work as an intern, my relationship with my supervisor was my primary concern. He provided many opportunities for my professional growth and supported my dissertation process. Without him, this study would not have been possible. Working for him became one of my greatest assets because of his position, reputation, and relationships throughout the company. Being a part of HR was a benefit in accessing archival data, understanding the
hierarchy, and perceiving how the yearly performance review worked, along with other information gathered during my initial investigation. My position within HR enabled me access to confidential employee records and other resources. A disadvantage of being part of HR was the perception reported by employees outside HR. During the preliminary investigation some employees were leery of divulging information to me as a member of HR. Employees expressed fear of having information, even from casual conversations, placed in their employee file. After the preliminary investigation, my role as HR intern ceased to be an issue. During the interview process, interviewees presented few audible reactions. The group membership that received the most reaction during the interviews was my employment at CompRx during the merger. My CompRx affiliation is discussed more in the section of boundary theory and mergers.

My student status was similar to the intern status, but slightly different. During the initial investigation most interviewees had little response to my student membership. Those who did comment on my student status were divergent in their reactions. Some co-workers expected that the newest trends in all fields would be part of my studies and knowledge bank. In meetings, questions about the newest research and practices in the field were asked of me. Other co-workers reported that I was unaware of business operations because all my knowledge was cultivated from books. According to this group concrete applications of knowledge were not possible. An advantage of my student status was the ability to ask questions about the merger without raising too many concerns. Referencing my interest as a student in the situation seemed to facilitate co-workers discussing some of their opinions of the events. During the initial investigative phase, my student status initiated reactions from co-workers. During the interview process my
student status was commented on by about one third of interviewees. In the explanation portion, prior to consent being given, my student status was often discussed. Former employees expressed interest in the study and commented on its importance in improving future mergers. A few indicated one reason for their participation was that they too had had to complete a dissertation for a degree; it was their duty to help a fellow researcher. Interviewees expressed appreciation for my dual status of student and employee in regards to confidentiality. Interviews being conducted from the Rutgers campus, interviews being compiled into group data before being presented to BioComp, and the Rutgers institutional review board (IRB) approval seemed to increase the confidence in confidentiality. My student status received mixed reactions, although during the interviews it seemed to be an asset.

My female group membership was one of which I was acutely aware as an employee of CompRx and BioComp. Many females were my coworkers and members of teams on which I worked, but I perceived the lack of females in management positions as a deficit for the company. In conversations with female co-workers this trend was a disappointment for some, but the majority did not mention it. My heightened awareness of this situation was likely due to my young age and background in clinical psychology and non-profit organizations which were dominated by female leadership. With a different background, I may not have been as accustomed to strong female leadership. Because of my heightened awareness of my female group membership, I predicted that gender differences would be found in the data. When differences were not found, I became more aware of my initial reactions as well as my desire for palpable differences.
When assessing my personal prejudices, I became more aware of ways in which I was trying to influence the data, rather than letting the data influence the outcome.

My interactions and reactions can be used to better understand the system. Prior to the interviews, I examined the ways in which my social position, assumptions, and approaches may affect the research process and findings. My standing as a young, white female in a majority white male company was something of which I was aware. In interviewing employees with more work experience, a steady income, and differing educational backgrounds, I expected interactions with my group memberships. According to Alderfer (1986), these differences can help the investigator be more objective with the data collected but may have prevented me from assessing the importance of certain themes. To prevent my opinions from being the results of the study, I needed to continually immerse myself in the data and represent the persons interviewed. When working within any organization, researchers can utilize themselves as a tool to gain additional information. Through initial investigation of the organization, the interview process, and analysis, my use of reactions and interactions helped increase my understanding of the system. The first step was having an understanding of my limits and prejudices. The use of self became a vital factor during the interview process.

Reducing researcher bias. The researcher in the study can inadvertently affect the results. This is more prone to happen in qualitative studies where the researcher interprets the data (Bogdan & Bilken, 1992). Utilizing the researcher as a tool may create a chance of researcher bias impacting the results of the study. To reduce researcher bias, descriptive quasi-statistics were used in the analysis of the qualitative data. By counting the number of interviews in which a theme was mentioned, a quantity was attached to the
most relevant and frequently mentioned themes. Without these descriptive quasi-statistics, themes not personally pertinent to me, the primary investigator, may have been discarded. For instance, in the attractors section, location/shorter commute may not have been recognized as a pertinent theme. It did not correspond with past research, was not relevant to me, and had not stood out to me during the interviews. Only after frequencies were tallied did the significance of location/shorter commute emerge. Reducing the chances of researcher bias was especially important because of my dual roles of researcher and internal employee. Having been through the merger, I had formed my own opinions of the events. Utilizing a method which removed some of my bias strengthened the analysis. Without the use of descriptive quasi-statistics, researcher bias would have skewed the analysis.

**Balancing the dual roles.** There were both benefits and deficits by virtue of me, the primary investigator, being employed by CompRx through the merger and study. I formulated the dissertation topic while employed at CompRx. According to Knoblauch (2005), this is an advantage because the researcher with dual roles has vast implicit and explicit knowledge of the setting being studied. Conversely, it increases the chances that researcher bias may impact the interpretation of the results. Some of my interactions with the organization and its employees were previously described. Ways in which researcher bias was reduced were also described. Some of the benefits and potential deficits of my dual roles are explored below. The section about potential deficits also includes ways in which the biases were controlled by my actions.

**Benefits of dual roles.** The use of the dual roles has been referenced throughout this dissertation. In the methodology, my company knowledge was used to divide tenure
and company grade levels into groups. It was used to distinguish the phases of the merger and for background in the development of the questionnaire. In the results and discussion sections, my company knowledge was again used to interpret the results of tenure, yearly performance reviews, and other themes. Some of the benefits of my being both an employee of the company and the researcher include: historical company knowledge, accessibility to internal documents for the development of the questionnaire, and rapport building during the interviews.

Investigators often become familiar with company history and knowledge during research studies. This information is important throughout the research process from initial preparation to understanding results. This information is typically gathered by reading internal and external documents, personal observation, and interviewing employees (Emerson et al., 1995; Suzuk et al., 2005). Managing the dual roles, I was able to use my personal observations of more than two years working through the merger, reading internal and external documents, and interacting with other employees to strengthen the study. In preparing for this dissertation, additional interviews and investigations took place. This was to supplement the information gathered through my experience and exposure. My dual roles were an asset for obtaining background company history and knowledge.

An unexpected benefit of the dual role occurred with rapport building prior to and during the interviews. Prior to the interview process, I perceived the dual roles as a possible inhibitor in rapport building. My concern was that prospective interviewees would perceive my CompRx/BioComp affiliation negatively. My fear was having participants perceiving me as a BioComp representative. Through the letter of
introduction, former employees were informed of my affiliation with CompRx and BioComp through the merger. Other information included in the letter were BioComp’s approval of the study and the questionnaire, as well as my commitment to report the interview results to BioComp. When contacted, interviewees indicated that my employment by BioComp was of mild interest. Some stated appreciation for BioComp’s interest in learning ways to improve future mergers. Others were more interested in the confidentiality of the study. My connection to CompRx and experiencing the merger was more significant in rapport building. Some interviewees who had not read the provided materials were curt or abrasive with me until my affiliation with CompRx was verbally stated. I received many questions about confidentiality, the manner in which the results would be presented to BioComp, and what BioComp would do with the results. Additional questions about how and why BioComp agreed to disclose addresses and phone numbers of former employees were asked. My employee status at BioComp alleviated most concerns about the company’s disclosure of employee information. My supervisor was well known and respected in both CompRx and BioComp. His support of the project increased my credibility with many participants. Confidentiality concerns were reduced by my Rutgers affiliation. The interviews were conducted from a Rutgers office rather than from one at BioComp which further reduced confidentiality concerns. Direct quotations from participants concerning the above are not available because interviews were not documented prior to verbal consent being given. My dual roles of employee and researcher were important for interviewees in rapport building prior to the interviews.
During the interviews, my affiliation to CompRx and the merger continued to be important. Some participants described their merger experiences, then stated “but you understand, you were there.” I interpreted this as a trusting and inclusive statement. The inclusion or in-group bias that occurred is discussed below in the section on boundary theory and mergers. To prevent my experience from being included in the interviews, follow-up and clarification questions were used. This was to prevent my dual role from being detrimental. Some participants rather than fully explaining an answer would state, “you know how it was.” Clarification questions were necessary to capture the data in the interviewees’ words. My affiliation continued to be important in maintaining the rapport throughout the interview.

**Potential deficits of the dual roles.** Potential deficits of my dual roles were many. Prospective participants’ perception of my affiliations may have resulted in non-participation, lack of truthfulness during interviews and many other possible negative outcomes. The potential deficits presented here are ones that were observed and therefore were known to have happened. The deficits explored here include participants omitting data because of my CompRx affiliation and my negative influence during the analysis of data.

In the previous section, my CompRx affiliation and experience with the merger were presented as important in rapport building. Although it was a strength, it also was a potential detriment to the study. Some participants, rather than explaining their experience fully, omitted data by stating, “You know how it was.” This exclusion of the participants’ experiences was a potential deficit. In order to reduce the probability of my experiences from being included in the results, I requested clarification of the responses
from participants. This enabled participants to talk about merger events in their words. A potential deficit which was encountered during the interviews was participants relying on me to explain merger events.

The analysis of the interviews provided another potential opportunity for me as the researcher to negatively influence the study because of my preconceived ideas of the merger. An example of this occurred when reasons employees resigned were gleaned from interviews. During the initial reading to extract themes from the interviews, “the merger” was excluded as a theme. It was not included despite “the merger” being stated as a reason for attrition by multiple participants. It was excluded because I attributed “the merger” to uncertainties and other themes rather than as its own theme. After reading approximately 15 interviews, “the merger” was added to the list of potential themes. Belief that it was more complex or specific than simply the merger hindered my analysis process. After this potential mistake, I reread each interview to ensure no other themes had been overlooked. My excluding themes not important to me was a potential deficit due to my dual roles.

As my dissertation was formulated, I was aware that my dual roles would affect many aspects in the study. My concern that my dual roles would negatively impact the study made me more aware of myself, my interactions, and my reactions. During the process I was surprised by both the positive and negative impact of my dual roles. Overall, I found my personal relationship with the merger, the companies, and the results to be an asset.
**Additional Qualitative Data**

*Boundary theory and mergers.* Interviewees having positive reactions to the PI’s affiliation were described in the previous section. These reactions from interviewees can be explained using boundary theory (Alderfer, 1980) and in-group and out-group bias (Terry & Callan, 1998; Yu, Engleman, & Van de Ven, 2005). With in- and out-group bias, employees of one or both companies have an “us versus them” outlook on employees from the other company. The interviewees were likely displaying a tendency toward in-group favoritism with their reactions to the PI’s affiliation. The PI had been part of CompRx and was, therefore, part of the in-group. In normal circumstances, without a merger or other large change management issues, the affiliations of the interviewer may matter less. Because of the rigid boundaries around the CompRx in-group, an external researcher could have had more difficulty in building rapport with interviewees. Future studies of mergers should consider the benefits of using current or former members from within the boundaries of the system for interview purposes.

*Managers.* According to the current study, managers impacted employees’ work experiences in three ways: they were cited as reasons for both retention prior to the merger and departing after the merger, and were reported as facilitating communication during the merger. These occurrences were supported by past research. In this section the relationships between managers and attrition, managers and retention, the relationship between attrition and retention with managers’ influence, and merger communication assisted by managers are discussed.

Managers are often presented as a leading reason for employees’ resignations (Buckingham & Coffman, 1999; CIPD, 2007; CLC, 2006; Eisenberger, Stinglhamber, et.
In the current study, managers were a reason for turnover for nine interviewees. These results were consistent with, but not a strong support of past studies. Whether it was lack of a manager or finding objection with a new or existing manager, managers were cited as a reason for resigning in the current study.

Managers were vital in employee retention and preventing subordinates from resigning earlier (N=7). The CEBC (2006) found seven attributes critical for driving employee attraction and commitment, which decrease the probability of departure. “Manager quality” (p. 36) is an attribute that compels commitment and retention. Thus, the positive quality of a manager decreases the probability that an employee will resign from a company. This research supports the results presented by interviewees. Managers explicitly influenced employee commitment and retention prior to the merger.

Supporting both reasons employees stay and resign were studies by Eisenberger, Stinglhamber, et al. (2002). They found a negative relationship between the perception of supervisor support and employee turnover. This suggests that supervisors impact employee attrition and retention. Managers are seen as representatives of the organization and upper management (Eisenberger, Hutinton, et al., 1986; Eisenberger, Stinglhamber, et.al, 2002; Levinson, 1965). Supervisors, to the extent that they are identified with their organization, contribute to perceived organizational support by employees. Employees view their supervisors’ support as indicative of the organization’s support. This suggests that attrition is not due to managers exclusively, but is also influenced by the employees’ opinions of the organization. These studies may displace pressure from managers as a reason for resigning and substitute it with the employees’ reactions to the organization. If
an employee is dissatisfied with the company, this may be reflected in his opinion of his manager. Prior to the current study’s merger, seven employees were retained because of their manager. These seven resigned in the first phase of the merger which may be related to associations of the organization’s support being represented by managers. If employees perceived the merger as a loss of organizational support, then their relationship with their manager would also change resulting in attrition.

For some respondents, merger communication was facilitated by their managers. A merger communication plan should be consistent and conveyed through multiple medias (Galpin & Herndon, 2000; Schweiger & Denisi, 1991). This plan includes newsletters, memos, but, most importantly, meetings between managers and employees. According to Galpin and Herdon (2000, p. 96), “the most effective change-management tool available to managers is face-to-face communication.” Small meetings with managers provide employees more space to talk about the merger, ask questions, and garner answers. Information is provided by a knowledgeable and trusted source. In past studies reporting adequate communication, it is unknown if information was provided by managers. Adequacy of communication may be due to not only the amount and truthfulness, but to the vehicle through which it is presented, i.e. the manager. In this study, each person who reported having individual communication from their supervisor also reported communication during the merger as adequate. Conversely, those who expressed merger communication as inadequate reported unanswered questions and insufficient information provided. Managers were not a part of the formal communication plan for this merger. During the investigative phase this information was gathered from
conversation with representatives from the company. Managers were an important factor in attrition, retention, and facilitation of communication during the merger.

*Reasons employees join companies.* Reasons interviewees joined their new companies were similar to past company attractor studies. Past studies indicate that the most important attraction attributes of potential employers include: compensation, future career opportunities, organizational stability, work-life balance, challenging work, developmental opportunities, and reputation of the organization as a good employer (Corporate Executive Board, 2006; Michaels, Handfield-Jones, & Axelrod, 2001; Towers Perrin, 2005). The present study moderately corroborated with these past studies. In this study, increases in compensation, the prospect of creative and challenging work, the organization’s product pipeline, and developmental and career advancement opportunities were provided as some reasons for joining the new companies. The differences between this study and past attractor studies may be due to the merger or the time delay between employees starting their position and being interviewed. Company attractor studies are often performed when an employee starts at a company. In this study employees were interviewed after working at their new company for six months to over two years. Interviewees experienced the reality of their new company before being interviewed for this study. Timing of the interviews may have impacted the attractors’ results. Comparisons between past attractor studies and the current study are provided below.

Some attractors from the current study match with past research. Compensation, developmental opportunities, and career advancement opportunities clearly correspond with past studies. Other attractors were less obvious in their relationship to past studies,
including shorter commute and the organizational pipeline. The location of the new company or shorter commute was the most frequently provided attractor. It could be considered part of work-life balance which was an attractor provided in other studies. A reason for the frequency of location may also be time-sensitive to when the interviews were conducted. At that time the national average gasoline price was one to two dollars higher compared to previous years (United Stated Energy Information Administration, n.d.). Awareness of commuting costs was likely heightened, increasing the frequency of this response. Interviewees suggested that the organizational pipeline indicates long-term stability of companies or organizations. Because mergers are volatile situations, interviewees may desire a more stable company. Like the case example of Marie, interviewees may also have questioned BioComp’s product pipeline. This is unknown.

Company stability was not frequently identified by interviewees, contrary to past attractor studies.

Two attractors from this study were less related to past studies and more related to the merger: similarity of the new company’s culture to CompRx’s and working with former CompRx employees. The company culture could relate past studies’ responses of the reputation of the organization as a good employer. However, respondents reported the similarities to CompRx as being an attractor. New companies were described as having a similar “family feel” to “the old CompRx.” Seeking a culture similar to their old company may be specific to departures during times of change. Additional data would be necessary for further surmising. Interviewees also noted the prospect of working with other CompRx employees as an attractor. Interviewees indicated that they were recruited by or they recruited former coworkers to their new company. Employee networking is a
common way to find a new job position (Feldman & Klass, 2002). Some indicated that they now worked with most of their old CompRx team. This may be phenomenon-specific to companies experiencing change or mergers. Targeting merging companies, recruiters or competitors could gain whole working teams. Retention of key employees and job functions by merging companies could prevent disruption of business through unwanted attrition (Carey & Ogden, 2004; Galpin & Herndon, 2000). Losing groups of employees from a department could negatively impact the merging company and reduce company knowledge. A greater understanding of attractors may help merging companies strategize ways to retain employees. Company attractors provided by interviewees both corroborated with and differed from past company attractor studies.

*Relationship between attractors and reasons employees resign.* In the current study, a pattern emerged of employees’ attractors being analogous to reasons they resigned. Two possibilities for this phenomenon’s occurrence are: 1) the proximity in time of being asked the two questions; and 2) a connection between reasons for resigning and attractors to a new company. During the interviews, attractor and attrition questions were typically asked within 30 to 45 minutes of each other. Attrition questions may have prepared interviewees’ thoughts for the attractors section. When the latter question was asked, participants’ responses were based on these primed thoughts. Leading questions likely influenced not only these responses, but others also, affecting the results in unknown ways. If these associations were removed by restructuring the interview or eliminating questions, a likely outcome would be changes to the results. In isolating the different sections of the interview some quality in the results would likely be lost. If time proximity affected the results of attractors, it would be difficult to segregate them.
An alternative explanation is that attractors and attrition reasons are related. This study’s results are similar to the findings from past studies. Past studies likely asked these two questions of the same participants, possibly influencing their responses. The manner and timing of some studies is unknown, but not all studies queried both topics. Across years, cultures, and studies, responses are fairly consistent; attractors and reasons for departing are likely analogous. There may be no exact answer or reasons for this phenomenon. It may be a combination of the two hypotheses presented here or something else entirely. Additional data on the analogous relationship between reasons for attrition and attractors could result in greater understanding of this occurrence.

*Morale.* Morale was mentioned by 12 participants as a contributing factor in their resignation. Lower employee morale is not new in mergers as reported by past research (Costello, Kubis, & Shaffer, 1963; Schweiger & Denisi, 1991; Seo & Hill, 2005). According to Costello et al. (1963), lower morale was associated with unfavorable attitudes toward the merger which was related to employees who were younger in age, had a pattern of success in the organization, and had low authoritarianism. Higher morale was associated with favorable attitudes toward the merger which were related to more advanced age, lack of previous success in the organization, and higher authoritarianism. As mentioned earlier in this chapter, there was a significant increase in 30 to 39 year-olds departing and 40 to 54 year-olds remaining with the company. An increase in attrition of younger workers may correlate to a decrease in morale. This study did not fully support Costello et al. (1963) research. In the current study, of the 12 interviewees who reported morale as a factor in their resigning, half (n=6) were under 40 years of age. This supports past research on morale and age. However, four interviewees who reported morale as a
factor in departing were from the 50 to 59 year-old age group. This discrepancy may be due to this older group’s past success in the organization or low authoritarianism.

Specific morale questions were not asked of interviewees. Future studies may concentrate on differences in morale and attrition in varied age groups. Future mergers may want to develop methods to diminish unwanted attrition in this younger population by focusing on esprit de corps.

Interviewees were more likely to report morale as a factor for departure if they resigned during the first phase of the merger (n=8) or reported communication during the merger as inadequate (n=10). Morale was associated with adequacy of communication and uncertainties in past studies (Barrett, 2002; DiFonzo & Bordia, 1998; Marks, 1997; Schweiger & Denisi, 1991). The first phase of the current merger was connected with a higher rate of uncertainties, lower morale, and an adverse assessment of merger communication. Later in the merger, interviewees’ opinions of communication improved, low morale was mentioned less frequently, and merger-related uncertainties were reported less often. According to Barrett (2002, p. 225), an increase in “two-way, open, and honest communications” was related to higher morale. In the later phases of the merger, increased communication may contribute to a downtrend in morale as a reason for resignation. Future studies could explore relationships between adequacy of communication, uncertainties, and morale. Low morale was a common reason for resignation, but may be intertwined with such factors as insufficient communication and merger-related uncertainties.
Archival Data

Significant statistical differences were found between archival data groups. This archival data section highlights some of these statistical differences. Some differences are likely due to changes made during the merger including site closures and expected restructuring of the company. These trends are discussed below.

Possible impact of site closures on the data. Some significant differences found in the archival data were likely related to work-site closures: work-site locations and company divisions. Company divisions were mostly separated into the different work-site locations. Employees’ work-site locations were directly related to work-site closures. CompRx had three main company sites plus the sales force at the beginning of the merger. Initial data collected indicated general beliefs by employees that two sites would close (northwest and southwest), and possibly a third site (northeast). Prior to the site closure announcement at the end of Phase One, employees from the two sites rumored to close acted preemptively by resigning. These two work-sites were eventually slated to close. After the announcements of site closures, the accelerated employee turnover persisted from these discontinued sites. Resignations from discontinued sites increased most during the first two phases of the merger. Conversely, employees at the northeast site were less likely to resign during the merger. Most divisions centered at the northeast site were retained in the new company and the work-site remained open.

Company divisions or work functions were, in general, located at different company sites. The prospective and then actual site closures may account for significant differences in departures from company divisions. Company divisions were impacted by the restructuring of the new company. Announcements of company structure took place
during Phases Two and Three. Some work functions were moved to other work-site locations while other functions were discontinued. Generally, moved work functions were originally located at work-sites being closed and moved to retained sites. After site closure announcements were made, employees affected by the changes increased their rate of attrition. This was reflected in attrition rates from company divisions. Significant differences in the work-site locations and company divisions of those who resigned were related to the work-site closures during the merger.

Yearly performance review ratings. “The best [employees] leave first” was a statement by interviewees. This statement was partially supported by the significant differences found in archival yearly performance review data. CompRx rated their employees on a five level scale, from highest to lowest: Outstanding, Exceeds Expectations, Met Expectations, Needs Improvement, and Problematic. During the merger, employees who resigned with the top rating of “outstanding” decreased, while resignations increased from the second rating of “exceed expectations”. This phenomenon could be explained in a number of ways, but was likely largely due to defects in the yearly performance review. From preparatory research with company representatives, the CompRx yearly performance review was reported to be a flawed system. It was based on both performance and the subjective discretion of the vice-presidents and directors. Employees who had closer relationships with their superiors were more likely to receive higher ratings. As mentioned earlier, adequate communication facilitated by managers during the merger was associated with decreased uncertainties. Relationships between “outstanding” employees and their superiors may have provided increased merger communication and knowledge about their job security.
Past research on mergers (Galpin & Herndon, 2000; Schweiger & Denisi, 1991; Seo & Hill, 2005) recommend superiors communicate with their most valued employees for the purpose of retention. Having job security in the new company may have retained these “outstanding” employees from seeking positions elsewhere. When job offers were made, most “outstanding” employees receive offers first. This resulted in the “outstanding” employees possibly having two advantages to increase the likelihood of their staying: relationships with their superiors providing additional merger communication and early job offers.

Employees rated “exceeds expectation” were more likely to resign during the merger. These were likely the “best employees” of whom interviewees spoke. Attrition increases in this group were dissimilar to the “outstanding” employees’ attrition reduction. Both groups were above average workers and were likely recognized as such by coworkers and superiors. This second group may have lacked as close of relationships with their superiors as the “outstanding” employees. Impediments to these relationships may have been personality differences or proximity. Directors and vice-presidents who administered ratings were typically located at the country headquarters in the northeast. Sale representatives excluded, few “outstanding” ratings were given to employees located outside headquarters. These more distant relationships between supervisors and “exceeds expectation” employees might have restricted the amount of merger communication and diminished job security. With higher performance ratings, this group would be viewed as more desirable candidates when looking elsewhere for positions. A combination of an increased ability to find another position quickly and uncertainties in their current position may have resulted in these employees being more likely to depart. The
significant increase in attrition of employees with “exceeds expectation” ratings likely represents the statement “the best ones left first” even though there was a decrease in “outstanding” employee turnover.

*Company grade levels.* Significant differences were found between the company grade levels. After the merger began, sharp increases in the attrition of the upper levels of the hierarchy were observed. These groups include supervisors, managers, directors, vice-presidents and executives. The upper leadership turnover was most prevalent during the first phase, but continued throughout the merger. According to some interviews, there was a general perception that BioComp employees and leadership would be selected over CompRx’s. This statement may help explain these results from the archival data.

Additional reasons for departure could be the perceived difference in compensation scales and hierarchical structures. Limited compensation increases and some demotions because of BioComp’s policies and hierarchical structure were assumed by CompRx management. At this same time, exempt or regular salaried employees were less likely to depart from the company. It is unknown why this phenomenon occurred. Early investigation suggested that some upper management perceived more opportunities for advancement within the company for regular employees, but fewer for management. This was not supported by the interview results. Interviewees indicated that there were fewer opportunities for growth within the new company. When the initial results were reported to BioComp representatives, the interviewees’ perception of fewer opportunities in the company was surprising to them. One reason for these results is that the interviewees either perceived or actually had limited opportunities for advancement. The amount of merger communication could be another reason for the differences found between
company grade levels. Interviewees expressed that upper management knew more about the merger, increasing upper management attrition. This may have been true. With increased knowledge of the merger, upper management may have known more about the whole structure of the company. This would result in lower expectations for their own growth, but increased expectations for regular employees. Reasons for the decrease in exempt employees are unknown, but increased attrition by management was likely due to limited opportunities for growth.

Limitations and Implications for Future Research

Limitations of the Study

Limitations are a part of research and this study was not an exception. Being exploratory in nature, this study had an expansive scope. With the breadth of information gathered, the study design, and other factors, there are limitations to this study. Two limitations highlighted below are the ability to generalize to other populations and deficits in the research design. Alternatives for future studies are also presented in this section.

Limitations in generalizing. The ability to generalize was limited by many factors including: the sample size, criteria of the population, the companies used, the merger itself, and the environment in which the merger took place. Thirty former employees were interviewed for the qualitative portion of the study. With few interviewees the statistical power in the study is low, reducing the chance of statistical differences being found. A small population was a major reason statistics were not performed on the
interview results. The 30 randomly contacted participants were from across the U.S. and statistically representative of the overall company population. Even with these considerations, the population was a small portion of the whole. This reduces the ability to generalize to the whole employee population and to external populations.

The criteria used in this study also impacted the ability to generalize to other populations. Focusing on those employees who voluntarily departed from the acquired company limits the ability to generalize to other populations. Employees who remain, are fired, or are from acquiring companies will likely have different merger experiences. Employees who depart from companies in general or in times of change – not a merger – would also likely have different perspectives. Future studies may set different criteria for their populations or include multiple merging companies. Increasing the size and diversity of the interviewee population could make the study stronger. This might be accomplished by interviewing employees from multiple companies experiencing mergers. Interviewing employees from both the acquired and acquiring companies might be another possibility. Employees who remained with the company through the merger could be compared with employees who resigned. This comparison may provide differences between these populations. The population criteria may limit the ability to project the results onto populations with different characteristics from this population. Future studies use of larger, more diverse, interviewee populations from multiple merging companies may increase the ability to generalize to other populations.

In future studies one way the size and scope of populations could be expanded is by using both voluntarily and involuntary attrition groups. The involuntary departures or fired employees were not used in this study to help focus the study on reasons employees
chose to resign. As the researcher, I was averse to the idea of speaking to a group of former employees who would likely be bitter about their situation. After only a few interviews it became very apparent that those who resigned were also vitriolic about the situation. My avoidance tactic was not successful. If the fired group had been included, more information about layoffs may have been collected. Reasons for attrition from the fired group would likely be based less on their choice and more on that of the company. The uncertainties and reactions to merger communication also may have included different results. Expanding future studies to include this population may increase the acerbity of interviewee responses while expanding knowledge and increasing generalizability.

Employees who were studied resigned from a healthcare company purchased during a “merger of equals.” The companies used and the type of merger may focus the results, limiting generalizability to other companies and mergers. The companies were international, but were headquartered in the same European country. Although not supported by the interviews, initial internal assessments suggested the company cultures were similar. These similarities would have facilitated the merger process (Cartwright & Cooper, 1993). However, lack of preemptive merger planning likely contributed to former employees’ expressions of uncertainties and inadequate communication. A merger plan should be created prior to the start of a merger (Carey & Ogden, 2004; Galpin & Herndon, 2000). Without a preconceived plan in this merger, integration risk factors, combined company structure and site closures, and human capital needs were decided during the process. Employees of both merging companies were unaware that a culture assessment had taken place. Rather than making these assessments available to
employees, BioComp kept this information confidential. Lack of communication likely contributed to employees being unaware of the cultural similarities. More information on the similarities between the companies may have reduced the in- versus out-group attitude reported earlier. Communication during the merger was delayed in waiting for the decisions to be made. This increased uncertainties for employees. The exact amount of planning prior to this merger is unknown, but was reported both in the preliminary research and during interviews as being minimal. Other types of mergers, such as hostile takeovers or acquisitions, mergers of companies with very different product focuses, conflicting cultures, or a more thoroughly planned merger may produce different employee experiences and results. Company and merger factors may inhibit comparisons with other companies experiencing mergers.

The final inhibitor in the ability to generalize is the timing of the merger. Considering the macro systems in which this study was embedded, this merger began at an economic highpoint in the U.S. and world. However, the interviews were conducted while the economy was slowing prior to a global recession. This environment impacted the job market, company cash reserves and capital for purchasing another company, and the market for some products. Had the study taken place a few years earlier or later, the results may have been different. These differences may have been both in the interview data and archival analysis. The period of time is also important because of the generations working during the merger. As the “Baby Boomer” generation begins to retire, the Jonesers, Gen X and Gen Y are succeeding in the workforce. The proclivities of these populations are changing the workplace and it is unknown how this will impact future mergers. These populations show different trends in behavior within the workplace
than previous generations including reasons for attrition and retention methods. The
environment and time which the merger took place impacts the ability to compare this
population and merger to other situations.

*Limitations in the research design.* The structure of the study may have decreased
internal and external validity. Future studies should change the design of the study to
increase validity or focus the information gathered. Some parts of the study which could
be improved include the structure of the phone interviews, the manner in which company
documentation was used, and time delay between resignation and interviews. The dual
roles of the researcher may also be revisited in future studies. Some positive and
potentially negative ways the researcher’s dual roles impacted the study were previously
discussed. Future studies should assess their resources to evaluate if utilizing an internal
person would improve or hinder their study. Other possible adjustments are discussed
below.

The structure of the interviews included some factors that decreased validity
which could be improved in future studies. The interviews were broad with open-ended
questions to maximize the information gathered in the participants’ words. Future studies
might focus questions to increase the understanding of one area such as uncertainties or
adequacy of merger communication. Alternatively, a questionnaire could be created for
dissemination to larger numbers of potential participants. Phone interviews were utilized
for practicality, but face-to-face interviews maybe more effective in rapport building.
Greater rapport may yield more or different data. Voice recordings were not used to
protect the confidentiality of the participants and to increase the likelihood of
participation. Relying solely on the primary investigator’s written notes limited accuracy
to the speed of writing and, at times, what the researcher could hear. To ensure protection of confidentiality and increase likelihood of participation, this was the most optimal solution. Including voice recording would have been better for the integrity of the data and should be considered in future studies. Changes to the structure of the interview including the format of questionnaire, the use of phone interviews, and addition of voice recordings may have improved this study and should be considered for future studies.

Additional questions that might be added or focused upon in future studies are many. Some areas that might be considered for expansion in future studies include stress-related health issues, the roles of managers, and the phases of the merger. In the present study, four interviewees mention an increase in health-related issues which contributed to their departing. According to Very, Lubatkin, and Calori (1996), there is an increase in stress-induced health issues during mergers. Adding a question or questions pertaining to health and the merger may increase insight into employees’ experiences and stress levels. Learning more about the roles of managers during a merger may increase knowledge of communication dissemination and attrition during mergers. For merging companies, knowledge of the positive and negative commitment trends associated with managers may help when creating a merger plan. Managers were reported to be important factors in employees’ experiences. In the present study, information about the phases of the merger was not directly asked of interviewees. Including questions about different experiences along the merger timeline might be added to future studies. This may be most effective with employees who remain with the company through the merger. Alternatively employees could be asked about their experiences while they are happening. Adding
questions to the interview might increase insight into specific aspects of the merger process.

There was a time delay between the time participants resigned and were interviewed. Subjects were interviewed between six and twenty-four months after their resignation. If subjects were interviewed closer to their time of departure, their responses may have been different. The time lapse may have given subjects time to reflect on reasons they resigned, softening or intensifying their initial thoughts. It also may have caused the subjects to forget important factors in their departure, the events of the merger, or attractors to their new companies. This time delay may have also played a part in the differences between the phases of the merger. Future studies may want to reassess the timing of interviewing participants to reduce the time lapse from resignation to interview.

Within CompRx the yearly employee performance review was a flawed system which resulted in an imperfect analysis. The yearly performance review was not used universally, was subjective, and lacked definition and consistency. All these factors made the performance review ratings less reliable for analysis. For the purposes of this study, five years of performance reviews were collected and then averaged. Averaging may not have been the most effective method to determine the employees’ scores. The yearly performance review was not disseminated consistently across the company. Being a subjective appraisal by managers and vice-presidents, the ratings were not solely based on performance. Initial data suggested lower scores were at times given to those who terminated with the company to help vice-presidents meet rate distribution requirements for their divisions. The purpose and the criteria of the tool were adjusted to more closely match BioComp’s rating system after the merger began. These adjustments contributed to
the performance review rate value changing. With BioComp, the criteria became more objective and nearly all employees were reviewed. The ratings were perceived by some to be important for job security. This may have influenced the increase in those who resigned receiving lower ratings by VPs. These many factors impacted the yearly performance review analysis, but it is unknown to what degree. Future studies should use employee rating if possible, but may want to reconsider how this could best be done. Use of a rating scale which remained stable, was more objective, and used comprehensively throughout the company could increase the validity of the analysis for future studies.

Implications of This Study

Attrition of valued employees costs companies through loss of money, time, and company knowledge (Frank et al., 2004; Griffeth & Hom, 2001; Waldman & Aurora, 2004; Waldman, Kelly, Aurora, & Smith, 2004). Reducing attrition during mergers may reduce these losses which contribute to the overwhelming rate of unsuccessful mergers (Carey & Ogden, 2004; Galpin & Herndon, 2000). This study focuses on reasons employees resigned during a merger, their merger experiences, attractors to their new company, and factors that may have retained them. Increasing the knowledge of employees’ interpretations of mergers may help companies combat personnel losses and improve the chances of a successful merger.

This study was important because little or no research had previously been done in this area. With no previous studies to reference, this study provides information to fill a research void and can be a basis for future studies. Ways in which this study may be improved or expanded upon are provided above. Below are findings that help fill the merger research gap. The themes focused on below are: attrition compare and contrast to
past research, adequacy of communication during the merger, phases of the merger, the best employees resign first, and the changing boundaries during mergers.

Attrition. The attrition results from this study provide additional backing for previous attrition studies. It also provides information specific to attrition during mergers. The most interesting attrition results are those which were different from past studies. These data focus on merger populations and is not limited to general reasons for attrition. This study provides merging companies with reasons employees may choose to resign, their thoughts on the merger, and factors that may have retained them. Being the first known public study of this kind, it provides information not previously captured. Companies can anticipate that mergers will impact employees’ decisions to resign. Knowing some reasons for employee attrition during mergers can help companies in creating action plans to prevent turnover.

Attractors. Information was also gathered on factors that attract employees to their new companies. Many of these attractors were similar to those found in past studies, but also included other, merger-related issues. Information on attractors may be most interesting to recruiters or competitors of the merging company. With increased knowledge of attractors of merging employees, there are opportunities to appropriate highly desirable employees. Emphasizing aspects merging employees may be looking for, such as similar size and culture of old company or working with former co-workers, competitors may be able to entice these employees. Conversely, the merging company, knowing employees desire a company similar to the one being acquired, can create plans to retain employees. Emphasizing retention of the old company’s culture or other appealing aspects may help retain some employees. Knowledge of attractors may help
outside companies attract employees from merging companies or retention for merging companies.

_Adequacy of communication._ This study encourages merging companies to create a merger plan with ample amounts of communication as a primary focus. The link between inadequate communication and uncertainties discussed in this and other studies present arguments for a focus on increased satisfactory communication to reduce uncertainties and attrition. Because uncertainties were the most common reason for attrition, adequate communication may be vital in employee retention. In this study, more sufficient communication appeared to be facilitated by managers. A communication plan could utilize managers to directly communicate merger information to their subordinates. Focusing on truthful and timely merger communication is also important. The communication plan for mergers should be timely and include managers to reduce uncertainties.

_Phases of the merger._ The phases of the merger can help companies in forming their merger plans. Knowing that different factors are important to employees at different phases of the merger helps focus companies in creating their merger plans. During the first phase of the merger, anxieties were highest, tapering off as the merger progressed. Implementing a plan focused particularly on increasing communication during the first phase of the merger may help reduce some of these initial uncertainties. The findings on the phases of the merger can help companies to create merger plans in which merger communication is increase at the beginning of the merger, possibly reducing unwanted turnover.
Boundaries. The importance of manipulating company boundaries during a merger was an interesting finding in this study. It was only briefly looked at in this study, but the implications may be vast. When creating merger plans, the 11 boundary facets presented by Alderfer (1980) should be a concentration. Looking at these 11 boundaries may help companies create a more concise merger plan to facilitate the combining process. In this study, the in-group versus out-group boundaries were reported and experienced. They were important in rapport building for the researcher with dual memberships and described by interviewees to exist between the employees of the companies. More information on the relationship between boundaries and mergers is needed to fully understand the impact of changing boundaries during a merger.

Conclusion

In today’s volatile economic state, mergers and acquisitions have slowed slightly, but continue. Companies have made their systems more economical, removing parts not financially viable. When the economy begins to improve, companies with capital or cash reserves will have a unique opportunity to merge with these slimmed down companies (McIntyre, 2008; Robison, 2010). With this expected increase in M&As, companies will need to consider the capital invested in the employees of these companies. Employees are one of the greatest assets of companies (Frank et al., 2004; Griffeth & Hom, 2001; Waldman & Aurora, 2004; Waldman, Kelly, et al., 2004). Retaining employees, especially high or solid performers during the mergers should be part of the merging plan. From this study, many features of attrition, attraction, employee opinions of
mergers, the phases of the merger, factors that may have retained employees, and the association between uncertainties and inadequate communication may be relevant to companies during mergers. Retention of employees is important to a company’s bottom line because replacing an employee can cost companies through job productivity and time loss, loss of company knowledge, and recruiting and training fees (Frank et al., 2004; Griffeth & Hom, 2001; Schmidt, 2002; Waldman & Aurora, 2004; Waldman, Kelly, et al., 2004). In addition vital information can be lost during mergers when employees resign, affecting the bottom line (Frank et al., 2004; Griffeth & Hom, 2001; Waldman & Aurora, 2004; Waldman, Kelly, et al., 2004). Over 50 percent of mergers do not have the financial success initially expected (Ashkenas & Francis, 2000; Carey & Ogden, 2004; Galpin & Herndon, 2000). This study, combined with other studies on mergers retention and attrition, may assist the merger planning process. A few years after the merger started and two years into a recession, BioComp is more successful than most mergers (Dow Jones, n.d.). This success was achieved despite an incomplete merger plan. Other mergers may be improved by applying principles learned from this financially successful merger.
REFERENCES


APPENDIX A

Letter of Authorization from BioComp

To the IRB Approval Board,

I am writing to affirm the authorization of use of BioComp employee data by Kaja J. Stevenson for her doctoral dissertation at the Graduate School of Applied and Professional Psychology at Rutgers, The State University of New Jersey. This letter is also to state approval for BioComp to participate in her study of employees who have resigned the company and reasons individuals resigned during the merger / acquisition between CompRx and BioComp.

Two types of company information will be provided to Ms. Stevenson: archival data that will not include any personally identifying data and information that will include names and personal information.

The data without names will include: tenure with the company, termination reason, job grade level, performance management rating, work-site location, gender, race/ethnicity, age, division, termination date, indication of voluntary or involuntary termination, expatriate indication and employee classification. This information will be provided for employees who resigned from the company between [five year period ending with the legal entity change], and the purpose is to determine if those that resigned during the merger were different than those that departed prior to the merger announcement. This same information (minus the irrelevant termination categories) will be collected for current employees to determine if the current population is different than those that resigned from the company. This information will not contain names or other identifying information.
The company data that will include personal identifying information will consist of: former employees’ names, last known home addresses, last known phone numbers, type of termination, the termination reason, employee classification, expatriate indication, work-site location and termination date. The former employees are limited to those who departed from the work-site locations and the field force of CompRx one month after the merger announcement to the day before the legal entity change, and BioComp, and will not include former employees that indicated they would prefer to not be contacted by the company. BioComp understands that the employee information provided will be appropriately safeguarded, and that no one other than Ms. Stevenson will have access to this private information. Further, we understand that this information will be appropriately destroyed three years following the completion of the research. Upon receiving the data, Ms. Stevenson will code the data to protect the identity of the participants and it is only the coded data that will be viewed by Ms. Stevenson and her dissertation committee. BioComp requests the confidentiality in the study and asks that Ms. Stevenson not reveal any personally identifying information to anyone at anytime.

BioComp also acknowledges that the information that Kaja J. Stevenson collects from the former employees is her property and that BioComp will not have access to the data. After the analysis phase of the study, Kaja J. Stevenson will present data to the company. This will not include any identifiable information of former employees and will instead show common themes expressed by participants. Not-withstanding this does not restrict Ms. Stevenson’s ability to present or publish data extracted from this study. In any public presentation or publication of the study, Ms. Stevenson will maintain the confidentiality of BioComp and CompRx as the companies participating in the study.
Sincerely,

John Doe

Vice-president Human Resources, BioComp
Dear Former CompRx Employee,

My name is Kaja Stevenson and I am a graduate student at Rutgers in the Graduate School of Applied and Professional Psychology. I am conducting a research project for my dissertation to find out the various reasons you, a former CompRx employee chose to leave the company during the time of the merger / acquisition with BioComp. I would like approximately 45 minutes of your time to conduct a phone interview for your thoughts on your decision to leave CompRx / BioComp.

The interview will provide you with an opportunity to express your thoughts about leaving CompRx, whether the changes proposed or already taking place following the merger announcement affected your decision to leave, and your perspective of BioComp. The information you provide is voluntary and will be confidential, data files will not contain potentially identifying information.

I will contact you in the next two weeks. At that time, if you agree to an interview, we will arrange a mutually convenient time to speak. You will be asked to give verbal informed consent to participate in the study. Enclosed is a written version of the consent sheet which includes more information about the project.

Thank you in advance for your time. If you prefer to not be contacted further, please contact me via email or leave a voice mail at my Rutgers office using the contact information below. Otherwise I will contact you in the next two weeks. If you would like more information about the study, you can also reach me using the same information. I
look forward to speaking with you and giving you an opportunity to express your thoughts on the CompRx – BioComp merger.

Sincerely,

Kaja J. Stevenson
Doctoral Candidate
Graduate School of Applied and Professional Psychology
Rutgers, The State University of New Jersey
152 Frelinghuysen Road
Piscataway, NJ 08854-8020

Phone: (732) 445-2000 ext. ____
Email: kstevens@eden.rutgers.edu

Enclosed: Consent Sheet
This research study is being conducted by Kaja Stevenson, a student at the Graduate School of Applied and Professional Psychology, Rutgers, The State University of New Jersey, as part of my dissertation.

**Purpose**: The purpose of my study is to learn about reasons employees leave a company during a merger. I became interested in this project when I started as an intern at CompRx. In this position I was able to experience the changing environment and observe many people leaving the company. I have approval of BioComp to conduct this study.

**Participants**: Approximately 400 former CompRx employees will be contacted to participate in the study. Those not being contacted include part-time or temporary employees, summer or year-round interns, expatriates, and those who passed away.

**Procedure**: You will be interviewed by phone pertaining to your departure from CompRx or BioComp and then asked for demographic information. No voice recordings will be made. The interview will last approximately forty-five minutes. The interview will be conducted from my Rutgers office phone and the information gathered will be held at a secure location at Rutgers.

**Risks and benefits**: There are no foreseeable risks associated with this study. Personal benefits for you may include an opportunity to express your thoughts about leaving CompRx. The results obtained may aid companies in the future to reduce turnover during mergers. However you may receive no direct benefit from taking part in this study.
**Voluntary participation:** Participation in this study is voluntary. You may choose not to participate, and you may withdraw at any time during the study without any penalty to you. In addition you may choose not to answer any questions with which you are not comfortable.

**Confidentiality:** Confidential means that the research records will include some information about you, such as your name, address, and phone number. I will keep this information confidential by limiting individual's access to the research data and keeping it in a secure location at Rutgers separate from the data that will be collected during our interview. Following data collection, your personal information that had been collected from BioComp will be destroyed. Data files retained will not contain potentially identifying information and will be stored in a secure location at Rutgers and then moved to the researcher’s residence. The information collected belongs to me, Kaja Stevenson, not the company.

The research team and the Institutional Review Board at Rutgers University are the only parties that will be allowed to see the data, except as may be required by law. If a report of this study is published, or the results are presented at a professional conference, only group results will be stated. All study data will be stored for at least three years and will then be destroyed.

If you have any questions about the study or study procedures, you may contact me at my Rutgers number (732) 445-2000 or email at kstevens@eden.rutgers.edu or you can contact my dissertation faculty chairperson, Dr. Michele Ballet at (856) 988-8599 or mballet@rci.rutgers.edu. You may also contact either of us by mail at: The Graduate
School of Applied and Professional Psychology, 152 Frelinghuysen Road, Piscataway, NJ 08854-8020.

If you have any questions about your rights as a research subject, you may contact the IRB Administrator at Rutgers University at:

Rutgers University, the State University of New Jersey
Institutional Review Board for the Protection of Human Subjects
Office of Research and Sponsored Programs
3 Rutgers Plaza
New Brunswick, NJ 08901-8559
Tel: (732) 932-0150 ext. 2104
Email: humansubjects@orsp.rutgers.edu

This consent sheet is for your records. You will be asked for verbal consent prior to the interview.
Setting the Interview Appointment:

May I please speak with (first name only).

My name is Kaja Stevenson. I am a graduate student at Rutgers University in the Graduate School of Applied and Professional Psychology and I am conducting a research project for my doctoral dissertation about reasons former CompRx employees chose to leave the company during the time of the merger with BioComp. Did you receive my letter in the mail?

If Letter Received:

As stated in the letter, I would like to arrange a time that we can conduct a 45 minute interview to obtain your thoughts on leaving CompRx. Do you have any questions about the project at this point?

*Move to Scheduling*

If Letter NOT Received:

The letter gave an overview of my project for my dissertation. I am interested in learning reasons you left CompRx / BioComp during the merger. I would like to arrange a time that we can conduct a 45 minute interview to obtain your thoughts on leaving CompRx. The information you provide is voluntary and confidential, data files will not contain potentially identifying information. If you agree to participate, I would also like to send
you a copy of the letter with the consent sheet for your records. What questions do you have about the project at this point?

*Obtain address if they choose to give. Move to Scheduling.*

**Scheduling:**

If there are no further questions at this point, I would like to schedule an interview. I have time to speak now, or we can arrange for a later time. What would be convenient for you?

*Set time*

How do you prefer to be addressed?

If you have any questions regarding the study before our scheduled conversation, my phone number is (732) 445-2000. If I do not answer, feel free to leave a message and I will return your call as soon as possible. Again, this is voluntary and confidential. Thank you for agreeing to participate.

**Actual Interview:**

May I please speak with (first name).

My name is Kaja Stevenson, we talked about an interview regarding your leaving CompRx / BioComp. Thank you again for participating in this study. Do you have any questions about the study at this point?

The interview will be approximately 45 minutes long. I am going to ask that you try to hold other calls and go to a place where you might not be disturbed while we talk. Before I begin the interview, I would like to go over a few procedural aspects of the interview.
This research is confidential. In this study confidentiality means that the research records will include some information about you, such as your name, address, and phone number. I will keep this information confidential by limiting individual's access to the research data and keeping it in a secure location at Rutgers separate from the data that will be collected during the interview. Following data collection, your personal information that had been collected from BioComp will be destroyed. Data files retained will not contain potentially identifying information and will be kept in a secure location at Rutgers and then at the researchers place of residence. The information collected belongs to Kaja Stevenson, not the company.

There are no foreseeable risks associated with this study. Personal benefits for you may include an opportunity to express your thoughts about leaving CompRx. The results obtained may aid companies in reducing turnover during mergers. However you may receive no direct benefit from taking part in this study.

Participation in this study is voluntary. You may choose not to participate, and you may withdraw at any time during the study procedures without any penalty to you. In addition, you may choose not to answer any questions with which you are not comfortable.

If you have any questions about the study or study procedures, you may contact myself at (732) 445-2000 or by email at kstevens@eden.rutgers.edu. If you have any questions about your rights as a research subject, you may contact the IRB Administrator at Rutgers University at: (732) 932-0150 ext. 2104.

Do you have any questions? Do you agree to participate in this study?
Questionnaire

I will now ask you questions regarding your departure from CompRx / BioComp, please answer them completely and honestly.

Interview Questions

• Why did you originally choose to work at CompRx?

• What factors contributed to your leaving the company?
  a. When did you start thinking about leaving?
  b. What was the catalyst?

• What did you think about the merger?
  a. What did you see developing from the merger?
  b. How did the merger impact your daily work, if it did?

• Prior to the merger, had you considered leaving the company?
  a. What changed?
  b. What kept you from leaving sooner?

• What uncertainties did you experience in your situation at the company?
  a. Can you say more about that?
  b. Did your decision to leave change that? How?

• Did you have another job lined up when you left?
  a. What attracted you to your new position?

• How adequate was communication about the merger?
  a. What would you have done differently?

• How would you describe BioComp?

• What could have retained you at the company?
Was there a question I should have asked that I didn’t?

**Demographic Information**

I would now like to collect a few pieces of demographic information.

- What is your gender? Male  Female
- What is your race? Euro-American/White  African-American/Black  Hispanic/Latino  Asian-American/Pacific Islander  American Native/Alaskan  Native
- What is your age?
- What division of the company were you in when you left CompRx?
- What was the date you left CompRx?
- How many years did you work at CompRx?

**In closing**

Thank you for your time. If you would like a copy of the results, you may contact me for the results. For your protection, your personal information will be destroyed following the data collection phase. I will be unable to send you a copy of the results unless you contact me for them. Thank you again for your time.

**Phone message for answering machine**

This is a message for (first name only). My name is Kaja Stevenson, I am a graduate student at Rutgers conducting an interview on reasons employees left CompRx during the merger as part of my dissertation. My phone number is (732) 445-2000. I mailed a letter
1-2 weeks ago to give you a brief introduction to the project. I would like to ask for approximately 45 minutes of your time to complete an interview about your experiences. The phone interview is voluntary and confidential.

You can reach me at (732) 445-2000 on (day) or (day) from (time) to (time) or I will try to reach you at a later point in time. Thank you for your time.

Do not participate in Study

Thank you for your time. I will ensure that your declination will remain confidential and that your records will be destroyed. You will not be contacted again.
APPENDIX E

Interview Questions and Demographic Information

Interview Questions

• Why did you originally choose to work at CompRx?

• What factors contributed to your leaving the company?
  a. When did you start thinking about leaving?
  b. What was the catalyst?

• What did you think about the merger?
  a. What did you see developing from the merger?
  b. How did the merger impact your daily work, if it did?

• Prior to the merger, had you considered leaving the company?
  a. What changed?
  b. What kept you from leaving sooner?

• What uncertainties did you experience in your situation at the company?
  a. Can you say more about that?
  b. Did your decision to leave change that? How?

• Did you have another job lined up when you left?
  a. What attracted you to your new position?

• How adequate was communication about the merger?
  a. What would you have done differently?

• How would you describe BioComp?

• What could have retained you at the company?

• Was there a question I should have asked that I didn’t?
Demographics

- Gender (Male; Female)
- Age
- Race/Ethnicity (Euro-American/ White; African-American/ Black; Hispanic/ Latino, Asian-American/ Pacific Islander; American Native/ Alaskan Native)
- Termination Date
- Tenure with the Company
- Division of the Company