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**T 89-11 (154)**

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May 1994

This research has in part been funded by Browald's Research Foundation. An earlier version of this paper was presented by Larsson at the Western Academy of Management Conference, Big Sky, Montana, March 1988. The authors thank Ken Brousseau, Gerry Ledford, and John Milliman for helpful comments.

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CAREER DISINTEGRATION
IN MERGERS AND ACQUISITIONS


## Abstract

A career perspective is applied to mergers and acquisitions to highlight the individual viewpoint in these prevalent organizational events. Combination effects on individual careers are explored through the development of a conceptual framework relating career concepts held by employees to changes in inducements, contributions, and career planning. Implications of proposed career outcomes point towards organizational drains of managerial drive, experience, commitment, and competence through dissatisfied stayers, voluntary exits, layoffs, and subsequent turnover of transient stayers.

Careers constitute an interesting contrast to traditional views of organizational phenomena. Management theories have typically conceptualized the individual as a part of the organization. A career perspective turns this view on its head by rather looking at the organization as a part of the individual's career. In spite of the great range and volume of career research (as reviewed by, for instance, Driver, 1988; and Schein, 1986), it has rarely focused on one of the most detrimental events to individual careers in an organization, namely mergers and acquisitions (M&A). Yet, this present, unprecedented wave of corporate combinations has forcefully transformed the organizational world, including the careers of its employees. For instance, the mere 10 largest U.S. M&A in 1983 were estimated to have changed the lives of 220,000 employees (Magnet, 1984).

This latest M&A wave has prompted much recent research of which a large part deals with human sides of corporate combinations including organizational culture clashes (Altendorf, 1986; Buono, Bowditch & Lewis, 1985; Sales & Mirvis, 1984; Walter, 1985), low retention of top managers (Hayes, 1979), conflict resolution (Alarik & Edstrom, 1983; Blake & Mouton, 1985), and a number of mostly psychological symptoms that Marks and Mirvis (1986) summarize as the "merger syndrome." Even though employee exits and other individual, career-related issues have been given much attention in M&A research, it has basically been from different organizational perspectives. Thus, the understanding of the human side of M&A can benefit from complementing this research with a more purely individual perspective. The focus on careers can provide that by viewing the individual work life as the whole unit of analysis with organizations being parts thereof.

Somewhat paradoxically, there are indications that as two organizations become integrated, the careers of the individual employees tend to disintegrate. For instance, Hirsch (1987) provides several powerful examples of layoffs, relocations, betrayed organizational commitments, and upset career plans. Layoffs are means for realizing cost synergies in M&A that involuntary breaks up the present position of the fired employees' careers. The advancement opportunities for those that stay are drastically cut by squeezing two hierarchies into one. This is amplified by employees often having their established superior relationships severed through frequent exits of top managers. Furthermore, the self-efficacy in the determination of one's career takes a heavy beating from being sold and bought typically against one's will. Not surprisingly, Gaertner (1986) found in a rare career study of M&A that career mobility, career patterns, and career development activities were substantially adversely affected in a merger forming a multi-billion dollar consumer goods firm.

The purpose of this paper is to conceptually apply a career perspective on M&A in order to better understand combination dynamics from the viewpoint of individual employees. This is done through integrating career and M&A literature with the Barnard (1938) - Simon (1947) inducement-contribution model. The resulting framework is used to analyze different M&A sources of career disruptions in relation to Driver's (1979, 1988) different career concepts. Predictions are then made for different levels of dissatisfaction, desirability and ease of movement, and resulting changes in employee profiles from the career impacts of corporate combinations. Finally, organizational implications of the developed framework are stated together with directions for future research.

## Career Concepts and Organizational Participation

A career is defined here as the temporal path of work positions and activities of an individual during his/her life. This definition goes beyond the organizational perspective's more narrow definition of a career as "the series of positions an individual holds within an organization from entry to exit" (Van Maanen, 1980:115). On the other hand, it does not expand the definition to include non-work activities/ positions as even broader definitions do (e.g., Sundby, 1980; Super, 1980; Wolfe & Kolb, 1980). Thereby, it avoids their problems of making the career more or less synonymous with life (Hall, 1976). The murky waters of the definitional boundary between work and non-work will not be explored here, though.

Even though people in general seem to have a notion of what a career is, these notions are far from uniform. While one person may view a career as one choice that you make for a lifetime, another views it as a climb upward on the corporate ladder (Hall, 1976). These different conceptions of careers can be expected to have important implications for how different persons view their (and others') worklifes. Driver (1979b, 1988) has developed the Career Concept model to deal with different views of careers. The basic premise of the model is that people develop varied conceptual models of what a career means. These concepts may be conscious or unconscious and direct one's choice of career path. The model differentiates between four basic concepts held by people concerning careers in terms of the frequency of career changes (/durability in fields) and direction of career movement. These four career concepts are:

A. <u>Steady State</u>--career choice is made once for a lifetime commitment to an occupation;

B. <u>Linear</u>--career choice focuses movement upward on an occupational ladder with rare field changes;

C. <u>Spiral</u>--career choice evolves through a series of occupations (seven to ten year duration) where each new choice builds on the past and develops new skills (lateral related movement);

D. <u>Transitory</u>--career choice involves frequent changes of fields, organizations, and jobs (one to four year intervals) with variety the dominant force (lateral unrelated movement).

All four types of career concepts have been found in extensive surveys of organizations (Coombs, 1989; Coombs & Driver, 1986; Olson 1979). Measures of the concepts reveal satisfactory levels of reliability and predictive validity. For example, it has been found that Steady State types are currently satisfied with their careers and do not seek any alternate career ideas. Conversely, the other career types do seek alternate career ideas (Driver, Milliman & Simon, 1989). Career concepts have been linked to motivation as well as career path choice. Steady State concepts relate to security needs, Linear to needs for advancement and Spiral to interest in work (Driver & Coombs, 1983). We propose that these individual differences in career concepts have fundamental consequences for how M & A will affect individuals and their careers.

The most obvious disruption of an individual's career is the ending of present employment. Most M&As seem to result in significant numbers of ended employment relationships (Hirsch, 1987). For instance, in discussing "the people crunch" of M&A, Hayes (1979:42) refers to a study where only 42% of top management remained as long as five years in 200 acquisitions. "And this low figure is just the tip of the iceberg; because only companies that pride themselves on their post-retention record would participate in such a voluntary study."

The exit of employees is a two-edged sword. First, the joint organization can lay off employees that have become redundant due to the combination. This is probably the most common method to realize combination synergies, since the reduction of duplicated efforts and economies of scale enable a relatively smaller number of employees to do the same amount of joint work. Joint organizations also typically find it easier to realize synergies through cost cutting rather than joint sales increases. Just as an example, the earlier-mentioned study by Gaertner (1986) involved a downsizing of 6000 employees.

On the other hand, voluntary exits of employees tend to hurt the joint organization in spite of reduced payroll. Marks (1982) mentions that 77 out of 130 employees left within nine months after the merger of two insurance firms. Even though it is better for the acquiring company that employees who would have been terminated any way leave on their own, it seems that the best people abandon ship first (Finkelstein, 1986; Marks, 1982).

Effects of M&A on voluntary exits, as well as on staying employees' careers, can be investigated through the Barnard-Simon inducement-contribution theory of organizational participation. Present employment can be seen as a temporal equilibrium between the individual and organization in the sense that the organizational inducements given to the individual are at least equal to the individual's contributions to the organization. The planned length of time of this temporary equilibrium corresponds to the part the present organization constitutes in the individual's career plans. Thus, this planned length of equilibrium can be expected to match the individual's career concept. The longer an individual plans/hopes that s/he will get at least as much as s/he gives to the organization, the more likely that s/he has a Steady State career concept. Conversely, the shorter the planned balance, the more likely a Transitory career concept. This is consistent with the time focus of each concept.

The overall argument of this paper is that M&A will typically disrupt this inducement-contribution equilibrium significantly, and thereby affect individual careers in mostly adverse ways. As March and Simon (1958:88) put it:

> At any time in the life of an organization when a change is made--that (a) explicitly alters the inducements offered to any group of participants; (b) explicitly alters the contributions demanded from them; or (c) alters the organizational activity in any way that will affect inducements or contributions--on any of these occasions, a prediction can be made as to the effect of the change on participation.

M&A related changes will be analyzed here in terms of how they impact employee careers through altering employee contributions and inducements. Given differences in planned length of participation equilibrium and typical values of the four career concepts, the M&A impacts are proposed to vary for different individuals depending on their respective career concepts. Figure 1 summarizes a number of proposed effects of corporate combinations on the contributions required of and the inducements given to employees with different career concepts.

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Insert Figure 1 About Here

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Career Disruptions in M&A

First, M&A are likely to have a significant impact on the work performed by the joint organization. Especially the initial year(s) of the typically problematic integration phase, which can be expected to involve more non-routine work. The literature is replete with illustrations of integration difficulties during this phase that threaten the success of the combinations (e.g., Arnold, 1984; Blake & Mouton, 1985; Davis, 1968; Leighton & Tod, 1969). The "sedimented" routinization of work imbedded over time in how things are done in one organization [e.g., rules, informal organization (Barnard, 1938; Blau & Scott, 1963), and habitualization of action (Berger & Luckmann, 1966)] is, to a large extent, broken up by having to interact closely with another organization with different formal, informal, and individual practices. The frequent incompatibility of management systems, cultural clashes, interpersonal conflicts, and employee stress in M&A indicate both the need for and the difficulty of developing new joint practices for the combined organizations.

The employee work contributions will be affected by this initial increase of non-routine work. It can be related to the Career Concept model through Perrow's (1967) technology construct and Driver's (1979; 1983; Driver & Mock, 1975; Driver & Streufert, 1969) decision styles. Viewing technology as the work being done in an organization, Perrow suggests that nonroutineness arises from increases in the number of exceptional cases encountered in the work and/or the "unanalyzability" of work problems. The initial integration phase of M&A is likely to increase both these dimensions. We suggest that these work changes will affect employees through their respective decision styles that, in turn, is related to different career concepts. These relationships are outlined in Figure 2.

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Insert Figure 2 About Here
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Driver has developed four decision styles. They are viewed as learned habit patterns in decision-making that are differentiated in terms of (a) the amount of information used in analysis; and (b) the number of alternatives or solutions implemented. These two dimensions can be combined into a typological two-by-two matrix with the following four basic decision styles:

A. Decisive--a tendency to use just enough information to reach a single "good enough" decision for productive action without any reconsiderations;

B. Hierarchic--more information is used for rigorous analysis into one best plan for action (which may have several, but fixed contingency options);

C. Integrative--much information is used to develop and implement multiple options that are continuously and creatively restructured;

D. Flexible--less information is used, but decisions are frequently reexamined and quickly changed to adapt to different situations.

Driver (1978,1979,1988), Olson (1979), and Prince (1979) have related these four decision styles with the four career concepts as illustrated in Figure 2. The rationale of this match of decision styles and career concepts is that individuals will tend to seek (and/or be selected for) work activities that fit their dominant decision style. This fit can also be expected to be complemented by the tendency to develop decision styles (i.e., learned decision habits) in line with dominant work activities. The work-related decision styles are further expected to match the individuals' conceptions of their overall work life.

The two dimensions of Perrow's (1967) technology construct seem strikingly connected to the Driver's decision style dimensions. First, it seems probable that the more difficulty analyzing work problems, the more information usage is needed for adequate decisions. Secondly, the variability of work seems to correspond well to the number of alternatives needed for adaptive decision-making. Finally, the non-routineness diagonal (stroked arrow in Figure 2) also matches the decision style complexity diagonal (dotted). The more routine work, the less complex decision making is needed, and vice versa.

The change towards more <u>nonroutine</u> integration work contributions is proposed to suit individuals with Spiral career concepts the best. Following the logic of Figure 2, nonroutine technology/work is matched with the Integrative decision style. This style can better handle the increased number of alternatives and information usage involved in nonroutine work. Conversely, the least suited career concept for more nonroutine work is Steady State. Among the two intermediate career concepts (i.e., off-diagonal), transitory is less likely than Linear to have problems with more nonroutine work due to its proposed more flexible decision style. The Transitory/Flexible superiority over Linear/Hierarchic in non-routine work situations of M&A integration can at least have two sources: (a) the work exception/generation of alternatives dimensions are more potent than work unanalyzability/ information usage in the case of M&A integration; and (b) the Flexible decision style having less problems with high work unanalyzability than the Hierarchic decision style with high numbers of work exceptions.

Given an average technology of intermediate routineness (i.e., center of Figure 2), an increase of nonroutine work results in the following preductions: (a) Steady State will find this change the most difficult, and therefore increasing the required contribution to the joint organization (represented by a negative sign in Figure 3 since increased contribution is negative to the individual according to the Barnard-Simon theory); (b) Linear will find it moderately difficult; (c) Transitory will find it relatively unproblematic; and (d) Spiral may even find it somewhat challenging. If the pre-combination technology is routine, then Linear and Transitory may find initial movement towards nonroutine less difficult than proposed here. Furthermore, these predictions are only based on differences in experienced difficulty given the same amount of work. It seems likely that the <u>amount</u> of work also increases from additional integration activities. This would increase the negative impact on work contribution across career concepts.

Work itself can also be an inducement in the form of its <u>intrinsic rewards</u>. Assuming that increasing work difficulties from an imposed change generally leads to less experienced intrinsic rewards, about the same pattern for work contribution can be expected. Especially, Steady State is likely to have the most negative effect on intrinsic rewards due to its strong need for structure being particularly violated by the

M&A integration. Driver and Coombs (1983) found that this structure motive was much less for Linears than Steady State. Furthermore, the strong novelty motives inherent in the Spiral and Transitory career concepts suggest significant positive effects on these concepts' intrinsic rewards.

Another inducement that becomes undermined in M&A is job security, mainly due to the common layoffs discussed above. The threat of becoming redundant and fired in a corporate combination linger on long after its announcement. Usually, acquiring companies give initial promises of no changes (Austin, 1970) while they figure out how the joint organizations should function on a regular basis, and who should be kept on. Furthermore, integration problems tend to inhibit synergy realization which creates pressures for subsequent restructuring and further cost cuts (Hirsch, 1987). The negative effect of increased job insecurity is proposed to be strongest for Steady State employees, because of their strong valuation of job security (Driver, 1978). The value of job security is likely to diminish the more frequent an individual changes career. Thus, the negative effects of job insecurity are expected to diminish correspondingly as the frequency of career changes increases for the Linear, Spiral, and Transitory career concepts.

**Advancement opportunity** is one more inducement that is likely to be negatively affected by M&A. Merging two hierarchical pyramids into one results in a reduction of total number of higher positions. Thus, there will be significantly more relative demotions than promotions. Few winners and many losers tend to create destructive cut-throat competition over a diminishing pie in line with the logic of "musical chairs." The "seldom win-mostly lose" competition, or rather conflict, is further fueled by the we-they antagonism and distrust typically arising between the joining organizations (Arnold, 1983; Blake & Mouton, 1985; Marks & Mirvis, 1986; Pritchard, 1985). Promotion opportunities are also often drastically cut by the high exit percentages of top managers that wipes out employee investments in good superior relationships (cf. sponsors, Dalton & Thompson, 1986). Reduced advancement opportunities is likely to be a negative inducement for especially Linear employees. They build their whole careers on movement up the occupational ladder (Driver, 1979). Being blocked or pulled down from this upward movement is, therefore, a substantial blow to their careers. Some individuals with other dominant career concepts may also have Linear tendencies, like upward Spirals and therefore also react negatively.

A final additional M&A effect needs to be considered, due to the career perspective of this paper. So far, the factors in Figure 1 have been relevant, primarily due to the individual's decision to participate in the joint organization or not. This does not go beyond the traditional perspective of the individual as a part of the organization. Granting individuals the possibility of having broader plans for their careers than participating in the present joint organization, we need to consider the M&A effects on this possibly broader <u>career planning</u>.

M&A are typically out of control of and secret to the vast majority of employees in the combining organizations (Jemison & Sitkin, 1986). Thus, M&A can be expected to be surprises for employees in their career planning. Following the discussion above, they are also mostly negative surprises. They can be expected to negatively upset the career planning the most for Linear and Spiral career concepts, since they seem to be associated with the most elaborate career planning (i.e., of their upward movement or lateral development). Transitory may not be negatively upset at all due to its lack of planning. The importance of the career perspective shows mainly in the M&A effect on Spiral individuals. Generally, they plan a shorter equilibrium with their organization prior to the combination. But, a drastic change of even this smaller part of their career can substantially upset their plans, since the different career parts tend to build upon one another.

## Overall Career Effects of M&A

All these M&A effects add to an overall disruption level with the combination from an individual career point of view. Figure 3 summarizes these levels for the different career concepts in terms of March and Simon's (1958) concept desirability of movement. The greatest negative disruption from increased required contributions, decreased inducements, and upset career planning is predicted for the Steady State and Linear career concepts. Spiral and especially Transitory concepts are likely to be significantly lower. The more negatively disrupted inducement-contribution equilibrium and career planning, the more desirability to voluntary exit from the joint organization.

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Insert Figure 3 About Here

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This desirability of movement can be mitigated by organizational commitment. It is viewed by Mottaz (1986:215) ". . . as an affective response (attitude) resulting from an evaluation of the work situation which links or attaches the individual to the organization." Steers and Porter (1983) characterize organizational commitment by (a) strong belief in the organization's goals and values; (b) willingness to exert considerable efforts on behalf of the organization; and (c) a strong desire to maintain membership in the organization. Thus, it can be seen as a volunteered contribution to the organization and/or self-imposed barrier to movement. Both of these alternatives are connected to loyalty to the organization (cf. Hirschman, 1970).

Driver and Coombs (1983) found organizational commitment being strongest for Steady State and weakest for Transitory career concepts. This corresponds to how stability/ and job security-prone the career concepts are. But this mitigating effect on desirability of movement can be expected to be counteracted by the common employee interpretations of betrayal of their given loyalty in M&A (Hirsch, 1987). Steady State individuals are likely to react most negatively and withdraw most of their organizational commitment, since they had the greatest loyalty and are "betrayed" the most by having their highly valued routine stability violated by the combination. Conversely, the least withdrawal and level of organizational commitment are expected for transitory. Thus, the differences in mitigating organizational commitment are likely to be cancelled out by corresponding differences in felt betrayal. The result is likely to be an overall low level of commitment across the career concepts and thereby leaving the desirability of movement relatively unchanged.

But the different levels of desirability of movement must first be compared with the ease of movement (March & Simon, 1958) before we can predict whether different career concepts will tend towards voluntary exit or not from these M&A effects. Ease of movement is suggested here to vary with (a) personal resistance to movement; and (b) availability of external job alternatives. Personal resistance to movement is based on how stability- and job security-prone the different career concepts are (Driver & Coombs, 1983). Thus, Steady State is expected to have the greatest personal resistance while Transitory the least.

The availability of external job alternatives is based on the marketability of the individual and the job demand (cf. March & Simon, 1958). The marketability is included as and related to Hirsch's (1987) "winning career strategies" of visibility, generality credibility (i.e., clear individual performance documentation as opposed to long-term and/or group assignments), and mobility. Also, Hirsch suggests that job demand is moving from long-term to transient orientation. According to this, Steady State seems to have less available job alternatives than the other career concepts. Yet, we suspect that there is still some lingering negative values associated with evaluting job applicants with transient work resumes. Thus, the Transitory career concept is, at least historically, likely to have less marketability than Steady State in terms of traditional values in applicant evaluation. This evens out today's marketability differences across the concepts with the possible exception of Linear (cf. increase of outside hiring of managers, Brady & Helmich, 1984). Future marketability is likely to favor Transitory career concepts in line with Hirsch's suggestions, though. In all, the overall ease of movement is, thus, proposed to be the lowest for Steady State, moderate for spiral and moderately high for Linear and Transitory.

The proposed career outcomes can now be derived from a comparison of the overall disruption desirability of movement from the corporate combination and the ease of movement in Figure 3. Employees with Steady

State career concepts have the highest desirability of movement, but this is constrained by the lowest ease of movement. They are therefore expected to generally remain with the joint organization (if not fired) rather than voluntarily exit. But the M&A effects will turn most of them into dissatisfied stayers. Bowen (1982) suggests that employees who desire to move but decide not to, seem to be related to increased absenteeism, decreased performance and possible firings. This, together with their stability-proneness and low job market attractiveness may make Steady State employees more readily viewed as "deadwood" and more likely to be layed off.

On the other hand, Linear employees have equally high desirability to move but greater ease of movement than Steady State. Thus, they are likely to have significantly higher percentages of voluntary exits than Steady State employees. This proposition is in line with Hirsch's (1987) suggestion of free agent managers. Spiral employees have moderate ease of movement, but only moderately low desirability to move. The predicted outcome is then some kind of a balance between only somewhat dissatisfied stayers and voluntary exits, depending primarily on individual differences in ease of movement. Finally, Transitory employees have the lowest desirability and moderately high ease of movement resulting in the most likely short-term survival in corporate combinations. But at the same time, they are still the most likely to leave in the longer run due to the transient nature of their career concept.

Many of the propositions illustrated in Figures 1 and 3 may seem overly pessimistic about the M&A effects on individual careers. There are, of course, several winners that are satisfied with the M&A, and initially negative reactions can gradually change into acceptance (Marks & Mirvis, 1986), and even turn into interest and liking (Hunsaker & Coombs, 1987). But these propositions are still expected to hold for the average individual during the first year(s) of the M&A integration based on the strong consensus of findings of initial negative reactions of employees in the M&A literature.

Some M&A type considerations. We have so far not considered moderating effects of different types of M&A. The scope of the present paper only permits some tentative speculations on a few moderators. A basic proposition is that the more overlapping markets and products of the joining organizations, the more initial integration work (Howell, 1970; Porter, 1987; Walter, 1985) and the more weight is given to the work contribution and intrinsic reward factors in figure 1 (top 3 M&A effects). Thus, horizontal M&A (i.e., similar markets and products) can be expected to result in the most amplified combination effects from the increased non-routine work contributions and related changes in intrinsic rewards. This would further increase the overall negative disruption of the inducement-contribution equilibrium, especially of Steady State, while Spiral may view the disruption more positively. On the other hand, conglomerate M&A (i.e., unrelated markets and products) are likely to result in the least increased nonroutine work contributions and related changes in intrinsic rewards. Here, the opposite moderating effect would occur with decreased overall negative disruption, especially for Steady State and possibly reduced positive work effects for Spiral.

An important exception to the mostly negative predictions is the special case of "rescue" combinations (Pritchard, 1985). This does not refer to so-called "white knight" acquisitions where a supposedly friendlier acquirer steps in and buys the target company of an attempted hostile takeover. Hirsch (1987) and others have illustrated that white knight acquisitions often results in very negative career effects for acquired employees. Instead, rescue combinations refer to an acquirer saving an ailing organization from bankruptcy. Here, the combination offers strongly increased inducements for job security compared with the alternative of termination. Thus, rescue combinations can be expected to result in positive changes in the inducement-contribution equilibrium, the strongest being for Steady State and the most negligible for Transitory. Linear may also have a strong positive effect to new advancement opportunities made available through the new, less troubled acquiring company. A final tentative moderating effect is that the careers of employees in acquired companies are likely to be more adversely affected than those in the acquiring company.

## Organizational Implications

In sum, M&A here have been proposed to impact individual careers, according to the following possibilities:

1. Ending the employment relationships through:
   (a) layoffs;
   (b) voluntary exits.

2. Those that stay can have their present and future work positions and activities affected by:
   (a) more nonroutine work;
   (b) job insecurity;
   (c) reduced advancement opportunities;

3. Upset of overall career planning.

This paper has developed a conceptual framework for the analysis of these M&A effects by extending and cross-fertilizing the Barnard-Simon inducement-contribution theory and the Driver career concept model. The outcome of this conceptual development is an integrated set of overall and career concept-specific propositions that can be expected to predict employee dissatisfaction and possible voluntary exits from a career viewpoint (summarized in Figures 1 and 3). There are several important organizational implications from this career perspective on M&A.

First, the proposed high number of voluntary exits of Linear employees suggests that the joint organization may be drained of managerial drive. The remaining employees are likely to lack the motivation for upward movement needed for "homegrown" management succession and development. Thus, the linear managerial drain can lead to a greater need for the hiring of external "free agent" managers whose primary concern for the best of their careers may be less aligned with the best of the organization compared with the continuity of homegrown managers.

Second, the short-term survival but subsequent high turnover of Transitory employees and possible hiring of transient free agent managers together with firing of supposedly "deadwood" Steady State employees strongly point towards an experience drain of the joint organization. We refer here to the experience of the specific organization that are gained through organizational learning (Agryris & Schon, 1978) and can result in lower costs from the experience effect of the learning curve (Abell & Hammond, 1979). This is further amplified by the alienation of the remaining Steady State employees that are the main holders of the experience gained by the organizations over time. The costs of initial lack of experience and on-job training of more frequent and transient newcomers are often hidden, but can be substantial.

Third, the career outcomes of M&A can lead to a commitment drain (Hirsch, 1987). As mentioned earlier, the most committed employees tend to be Steady State and they can be expected to either get fired or feel betrayed enough to withdraw their commitment. The more moderately committed Linears are likely to voluntarily exit due to high desirability of movement (including withdrawal of commitment) and greater ease of movement. Their possible replacement by transient free agent managers primarily committed to their own careers of "upstream log-jumping" will hardly reduce the commitment drain. Together with the typical dissatisfaction with the combination (inferred from the proposed negative disruptions of the inducement-contribution equilibrium and the M&A literature), the commitment drain can be expected to significantly undermine employee motivation.

Finally, a more subtle but serious organizational implication is the competence drain from voluntary exits within each career concept group of employees. Even though it has been proposed that Linear employees will have the highest percentage of voluntarily exits, there will some in each of the other three concepts that also quit. The framework developed here suggests that, given the same level of desirability of movement within one career concept, the employees with the greatest ease of movement are the most likely to voluntarily exit. Also, holding the personal resistance constant, this ease of movement is determined by the individual marketability of the employees. This is, in turn, dependent on how competent and otherwise demanded the employee is on the external job market. Thus, the voluntary exits within each career concept will tend to be the most competent employees. In other words, the cream of the joint corporation will tend to skim itself off from the M&A churning.

These identified organizational drains of managerial drive, experience, commitment, and competence point towards the importance of the career concept perspective on M&A. If employees are viewed as just employees, then reductions in the number of employees may be seen as "getting rid of the deadwood," becoming "lean and mean," "cutting out the fat," "unloading entrenched, incompetent managers" and other efficiency improvement cliches (cf. Hirsch, 1987). But the analysis presented here highlights individual differences in career concepts that have severe organizational consequences in M&A. Not even the most money-focused short-termer on Wall Street can claim that losing managerial drive, experience, commitment, and competence will help realize the potential integration benefits to pay off the invested combination costs. We have yet to see the long-term impact of this latest, unprecedented merger wave. But the 1980s may not only be remembered as the decade when the U.S. spent its inherited wealth but also when corporate America spent much of its human resource heritage.

But this framework is not limited to the "doom and gloom" of these organizational drains. On the contrary, it can help both researchers and practitioners to better understand the career impacts of M&A. This can provide valuable additional criteria for choosing the most beneficial combinations and managing the integration processes in such ways that excessive drains are avoided. Preference for rescue combinations and knowledge of the different reactions and needs of employees with different career concepts are two examples of practical suggestions along these lines. It should also be noted that some employee turnover, free agent managers, external experience, and "non-organizational men" may very well have positive effects on the dynamics of organizations. But most reports on M&A integration seem to indicate common overdoses when viewed from a career perspective.

The main research implication is the conceptual development of a systematic and testable framework that extends the M&A literature with the inducement-contribution and career concept models and coherently explains such observations as Hirsch's (1987) development towards free agent managers, less commitment, and more transient employment relationships and Marks' (1982) and Finkelstein's (1986) best men abandoning ship first. Future research needs to empirically test the propositions of this framework, further develop the moderating effects of different M&A types (e.g., vertical and concentric in addition to horizontal and conglomerate, hostile vs. friendly vs. rescue, and acquired vs. jointly merged vs. acquiring organizations), and integration of this framework in the larger bodies of M&A and career research.

Another interesting research avenue is to attempt to distinguish between collective dynamics and the more purely individual career effects in corporate combinations. It may be that the typical negative employee reactions found in M&A research primarily stem from collective defense mechanisms of clashing organizational cultures. Thus, there can be more positive career impacts obscured by dominating negative collective dynamics in combination studies and therefore not included in the present framework. A final implication is that it may not be enough for researchers (and practitioners) to ask what the individual can do for the organization. A career perspective presents the complementary question of what the organization can do for the individual from his/her viewpoint.

| M&A Effects / Career Concepts | Steady State | Linear | Spiral | Transitory |
| --- | --- | --- | --- | --- |
| Contributions: | | | | |
| * non-routine work | --- | -- | + | |
| * increased amount of work | -- | -- | -- | -- |
| Inducements: | | | | |
| * changed intrinsic reward from more non-routine work | --- | - | ++ | ++ |
| * job insecurity | --- | -- | - | |
| * advancement opportunities drastically cut | | --- | - | |
| Career Planning being (negatively) upset | -- | --- | --- | |
| Overall disruption of inducement-contribution equilibrium | Very Negative | Very Negative | Somewhat Negative | Ambivalent |

Figure 1: Proposed positive (+) and negative (-) M&A effects on individuals depending on their career concepts.

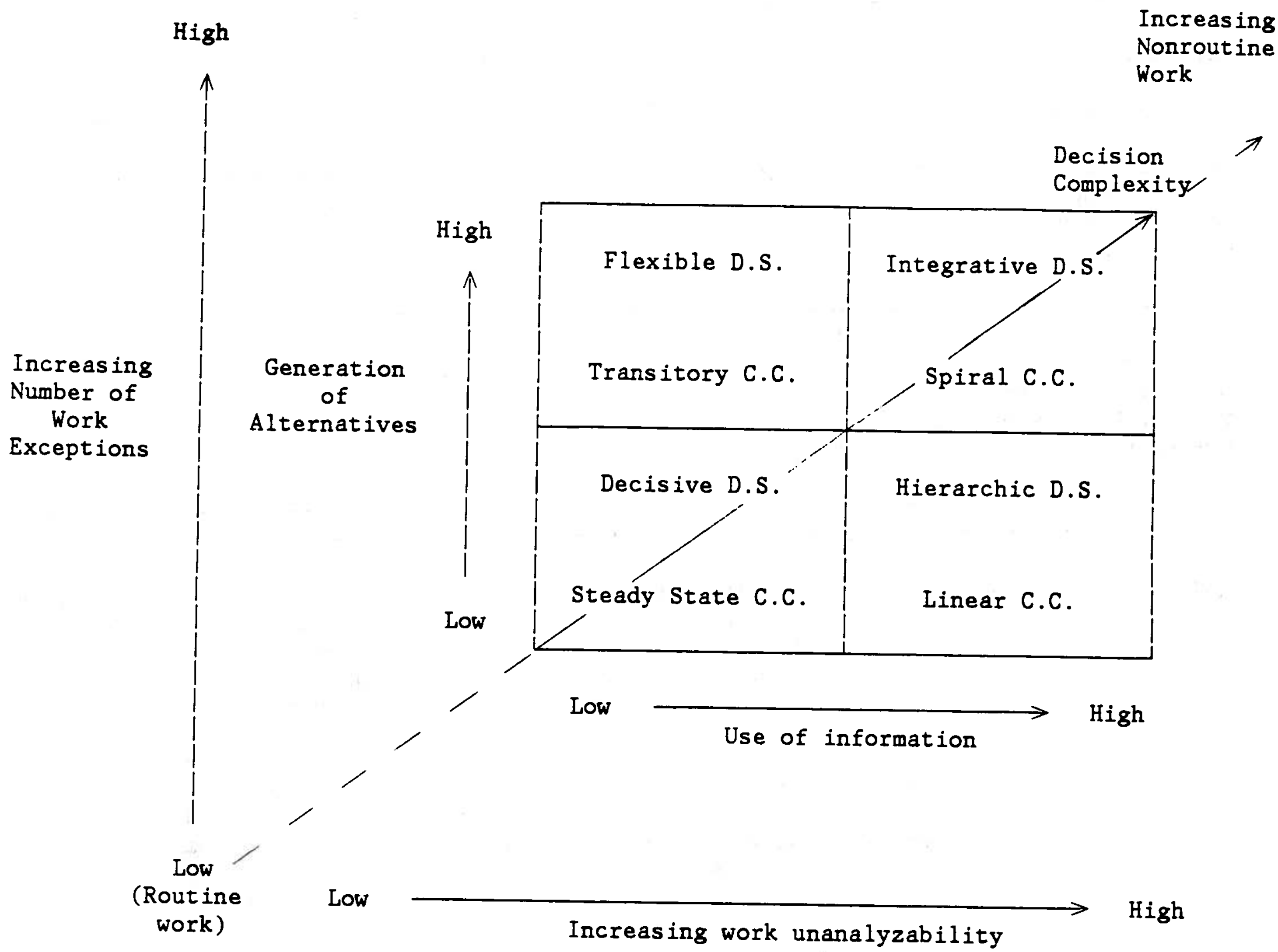


Figure 2. Matches Between Decision Styles (D.S.) and Career Concepts (C.C.) in Relation to Increasing Nonroutine Work.

| Career Concept | Steady State | Linear | Spiral | Transitory |
| --- | --- | --- | --- | --- |
| Desirability of movement (from disruption of inducement-contribution equilibrium) | High | High | Moderately low | Low |
| Ease of movement (from personal resistance and availability of external job alternatives | Moderately low | Moderately high | Moderate | Moderately high |
| Proposed career outcome | Dissatisfied stayers and layoffs | Voluntary exits | Somewhat dissatisfied stayers and some voluntary exits | Ambivalent short term stayers |

Figure 3. Summary of M&A effects in terms of proposed career outcomes.

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