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A HIGH LEVEL OF EMPLOYEES' ORGANIZATIONAL IDENTIFICATION IN EARLY MERGER INTEGRATION

ITS IMPACT ON LEADER BEHAVIOR EFFECTIVENESS

AN EMPIRICAL ANALYSIS ON STATOILHYDRO MERGER

SANTI EFFENDI (S074102)

MASTER OF INTERNATIONAL BUSINESS

THESIS ADVISOR: KAREN MODESTA OLSEN

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Abstract

StatiolHydro's internal survey result reveals that employees have already identified themselves strongly with the firm in current merger integration phase. The purpose of the thesis is to learn how such employees' organizational identification as leadership context influences the effectiveness of leader behavior at StatoilHydro. Although the analysis result shows that this particular leadership context does not affect the effectiveness of leader behavior, the analysis also discovers that the total contribution of leader behavior and this leadership context leads to a greater result than the result of leader behavior contribution alone. This result highlights the significance of leadership context in relation to StatoilHydro merger performance. If managed properly, the additive effect between leadership context and leader behavior may contribute to the acceleration of synergy realization that StatoilHydro aims to achieve.

Foreword

First of all, I would like to use this opportunity to thank my supervisor, Karen for her continuous encouragement and guidance. She has from the very beginning of the process been helpful, patient and inspiring in her supervision. Looking back to the past, I find that many feedbacks from her side have proven to be beneficial in enhancing the quality of the thesis. The important points that she gave in her feedbacks have been a valuable insight for me in my work to write in a clear and easy-to-comprehend way. The work of this thesis has been both challenging and rewarding due to limitations in journal article pertaining the thesis topic. It has been a fruitful and worthwhile journey, which leads to more humility on my side as I discover along the journey that there are a lot to be learnt and paid attention to in order to write a good master's thesis. Some key aspects in leadership study that I learnt throughout this journey are applied in the thesis with the hope that they may contribute to the thesis quality. Above all, I personally hope this research is useful and meaningful according to its purpose.

The strong sides of this thesis lie on several aspects that this thesis has taken into account. The first aspect is the intercorrelation between and the combination of transactional and transformational leader behaviors. Historical overviews of leadership theory and research by Avolio (2007), Chemers (2000), and Jago (1982) show that the majority of leadership studies praise and uphold transformational leadership for generating exceptional performance, in opposition to transactional leadership (e.g., Bass, 1990; Bass & Avolio, 1993; Bass, Avolio, Jung, & Berson, 2003; Berson , Shamir, Avolio, & Popper, 2001; Beugré, Acar, & Braun, 2006; Bono & Judge, 2004; Bryant, 2003; Conger & Kanungo, 1987; Den Hartog & Verburg, 1997; Dvir, Eden, Avolio, & Shamir, 2002; Ligon, Hunter, & Mumford, 2008; Mio, Riggio, Levin, & Reese, 2005; Sande, 2009; Shamir, House, & Arthur, 1993; Tosi, Misangyi, Fanelli, Waldman, & Yammarino, 2004). Among the existing leadership studies, only some have evaluated the intercorrelation between transformational and transactional leaderships (e.g., Bass, 1995; Bass & Steidlmeier, 1999; Conger & Kanungo, 1988; Koh, Steers, & Terborg, 1995; Waldman, Bass, & Yammarino, 1990; Yammarino & Dubinsky, 1994). The high intercorrelation found by these studies reveal a fact that not only transformational and transactional leadership behaviors can be exhibited by the same leader, but also that most leaders display both behaviors. In spite of this significant finding, in the past decade, there have not been many studies assessing leadership effectiveness by taking the intersectional aspects and the combination of transactional and

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transformational leadership styles into account. Examples of such studies were conducted by Sanders, Hopkins, & Geroy (2003), Bryant (2003), and Waldman et al. (1990). However, none of these studies are related with merger integration process. There is an apparent need for studies that can provide empirical evidence for leadership effectiveness created by the combination of the two behavioral styles in relation to merger integration process.

Secondly, this thesis also takes into consideration the current state of leadership contexts (e.g., organizational identity, organizational culture or climate) in merger integration process. Most organizational change studies have separately connected leadership and leadership contexts with organizational change issues (e.g., Deepa, Klingler, Rongione, & Stumpf, 2006; Bijlsma-Frankema, 2001; DeLisi, 1990; Graen & Hui, 1996; Harper, 1989; Hill, 1971; Langan-Fox & Tan, 1997; Massey & Williams; Morrison, 2003; Riad, 2007; Schmid, 2006; Sopow, 2006; Wilkins & Dyer, 1988). As a consequence of overlooking the existing leadership contexts in merger integration process, the focus of most organizational change studies has been placed on discovering how leaders as change agents generate leadership effectiveness by transforming employees' self-concept, so that their self-interest is aligned organizational goal. The topic on how leadership context affects leadership effectiveness in merger integration process has been so far neglected. Studies covering this topic are important for organizational change, because many aspects of leadership and its effectiveness are strongly dependent to the context (e.g., Avolio, 2007; Giessner et al., 2009; Lord, Brown, & Freiberg, 1999; Lord, Brown, Harvey, & Hall, 2001; McLaurin, 2006; Millward & Kyriakidou, 2004; Osborn, Hunt, & Juach, 2002; Schmid, 2006; Seyranian & Bligh, 2008; Shamir et al., 1998; van Knippenberg & Hogg, 2003; van Knippenberg et al., 2004; Walumbwa et al., 2005).

Through analyzing the initial operational combination stage of StatoilHydro merger, this thesis provides empirical evidence for leadership effectiveness created by the combination of transactional and transformational leader behavior within the context of organizational change. The thesis takes into consideration various factors, such as current level of employees' organizational identification, the mixture of transactional and transformational leader behavior, as well as the alignment of individual and organizational goals. It is worthy to note that Global People Survey 2008 as the thesis' data source only provide information concerning employees' perceptions. Perceptions may not be able to reflect reality in the most accurate way. Accordingly, this thesis has its own limitation and the findings prevailed here should be treated with prudence. Nevertheless, taken as a whole, this thesis hopes to provide an insight concerning the impact of leadership context on leadership effectiveness during merger integration. In brief, this thesis not simply asks "How should leader behaviors be combined in an

effective way?", but also asks "Under what condition does such combination produce leadership effectiveness?" Exploring the answers to the latter question may add a qualitative richness to the concept of contextual leadership within the organizational change scope that has not been thoroughly developed in prior research.

CHAPTER 1
Introduction

In section 1.1. and 1.2., background information regarding StatoilHydro and the merger will be provided. The firm's organizational goal, which is closely related to the merger motive is described in section 1.2.1. StatoilHydro four core values, serving as the foundation of the merged firm's organizational culture and climate will be described in details in section 1.2.2. After that, section 1.2.3. will outline the People@StatoilHydro, which is the firm's leadership principle and guideline relating to the acceptable and expected leader behaviors for realizing merger performance.

1.1. STATOILHYDRO INTRODUCTION

Prior to introducing StatoilHydro merger, in this section, the thesis provides historical information of Statoil and Hydro, as well as brief background information of the merged firm – StatoilHydro ASA.

1.1.1. STATOIL & HYDRO

Prior to the merger, Statoil and Hydro had been the key players in the Norwegian oil industry, with proud traditions of expertise and innovation stretching back to the early 1970s (StatoilHydro, 2007b). Table 1 and 2 provide a brief historical background of each firm.

Table 1. Statoil & Hydro Historical Information

	STATOIL
In 1972, the Norwegian State Oil Company, Statoil, was formed by a decision of the Norwegian Storting. As a wholly owned state firm, the firm was the government's commercial instrument for developing oil and gas industry in Norway. In the 1980s, Statoil was heavily involved in manufacturing and marketing in Scandinavia and established a comprehensive network of service stations. In Denmark and Sweden, the firm acquired Esso's service stations, refineries and petrochemical industries. The 1990s were characterized by strong technological innovation on the Norwegian continental shelf (NCS), with Statoil becoming a leading firm within floating production facilities and subsea developments. In this period, Statoil expanded in product markets, and made a commitment to international exploration and production in alliance with BP. In 2001, Statoil was partially privatized with listings on New York and Oslo Stock Exchanges.	

Source: Statoil (N.A.); StatoilHydro (2007b)

Table 2. Hydro Historical Information

	HYDRO
Prior to the merger, Hydro Petroleum comprised the oil and gas business of Norsk Hydro, which entered into the oil industry through its participation in the Ekofisk field in the late 1960s. Hydro Petroleum was an international oil and energy enterprise and a major player in the Nordic and European energy markets. Besides developing, producing and supplying oil and gas, the second largest operator on the NCS was an active developer of new energy forms such as wind power and hydrogen. Hydro Petroleum's businesses had grown as a result of substantial investments undertaken by Norsk Hydro, including the acquisition of Saga Petroleum ASA in 1999, as well as the acquirement of new oil and gas licenses on the NCS. At the time of the merger, Hydro was operator for 13 oil and gas fields on the NCS.	

Source: StatoilHydro (2007b, d)

1.1.2. STATOILHYDRO

StatoilHydro became a reality on October 1, 2007 (StatoilHydro, 2007b). The Norwegian State held 65 percent in the merged firm as of 31 December 2007 (StatoilHydro, 2007d). The merger increased StatoilHydro's share capital by NOK 2,606,655,590 (from NOK 5,364,962,167.50 to NOK 7,971,617,757.50) from the issuing of 1,042,662,236 shares with a nominal value of NOK 2.50 to Hydro's shareholders (StatoilHydro, 2007d). In Table 3, some key facts of StatoilHydro are presented.

Table 3. StatoilHydro Key Facts

StatoilHydro	STATOILHYDRO
The head office of StatoilHydro is at Stavanger, Norway. In the end of 2007, the firm had approximately 29,500 employees with Stavanger, Bergen and Oslo as its largest locations. StatoilHydro is represented in 40 different countries and operates 39 producing oil and gas fields. The firm also owns processing and refining activities and approximately 2,300 service stations in Scandinavia, Poland, the Baltic States and Russia.	
After the merger, StatoilHydro became the world's largest net sellers of crude oil and condensate, the second largest supplier of natural gas to the European market, and the biggest seller of oil products in Scandinavia. The firm is also a world leader in the use of deepwater technology and in technologies for carbon capture and storage. StatoilHydro is listed on New York and Oslo Stock Exchanges, and its market capitalization is worth more than NOK 500 billion.	

Source: Fran Finnegan and Company (2007); StatoilHydro (2007a)

1.2. STATOILHYDRO MERGER

The merger plan was first announced between Statoil and Hydro's oil and gas division on December 18, 2006 (StatoilHydro, 2007b). Figure 1 displays the merger chronology until October 1, 2007, where the merger became effective. "StatoilHydro" was selected as the new corporate name on March 7, 2007 (Norsk Hydro, 2007a). However, the firm planned to create a new corporate name and logo based on business strategy, vision and values (Norsk Hydro, 2007a, d). The initial integration process began before StatoilHydro merger took effect, and included around 9,000 onshore employees (StatoilHydro, 2008). In this stage, six business areas were established based on asset and function (Norsk Hydro, 2007e). Asset-based business areas include Manufacturing and Marketing (M&M), Exploration and Production Norway (EPN), Natural Gas (NG), and International Exploration and Production (INT) (Norsk Hydro, 2007e). While function-based business areas comprise Technology and New Energy (TNE) and Projects (PRO) (Norsk Hydro, 2007e).

Figure 1. StatoilHydro Merger Chronology
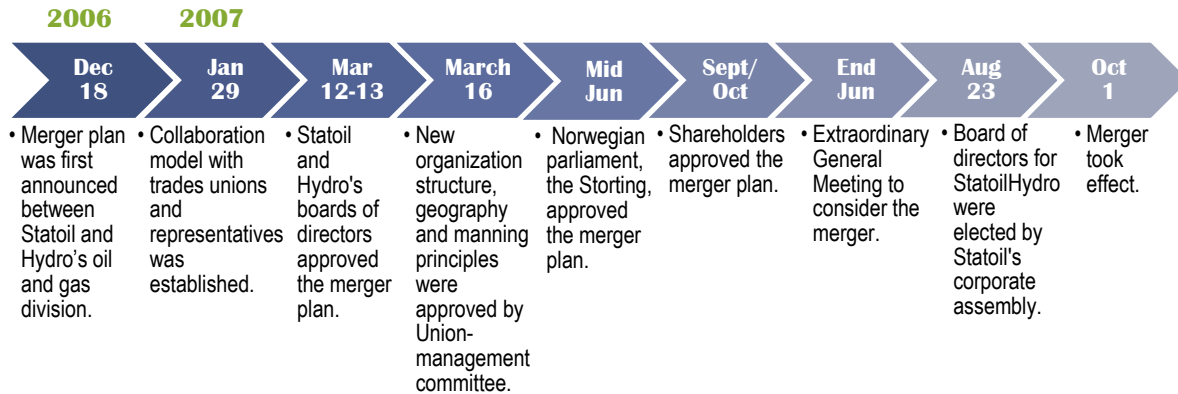
Source: Fran Finnegan & Company (2007); Norsk Hydro (2007b); StatoilHydro (2007b).

1.2.1. STATOILHYDRO ORGANIZATIONAL GOAL

The organizational goal of StatoilHydro can be divided in terms of short-term and long-term goals. The firm's long-term goal is to become a global energy company (Lund, 2007). In order to reach the long-term goal, the firm set several short-term goals as its stepping-stones.

According to Helge Lund, the president and CEO of StatoilHydro, the starting point of a journey to transform StatoilHydro into a global energy company is to establish a strong position on the NCS (Fran Finnegan & Company, 2007; Lund, 2007). This means that the firm needs to transform itself into a capable organization with good project and technology environments and strong gas and downstream positions (Lund, 2007). Synergy hence becomes the primary merger performance that the firm desires to achieve. Synergy realization necessitates all expertise and experience that both firms have built up over 40 years to be integrated in a meaningful way (Lund, 2007). For the benefit of constructive collaboration among the employees, cultivating a healthy and supportive organizational culture and climate becomes a primary task for StatoilHydro. As Helge Lund said, "Our ambition is to be a globally competitive company. We are a company that encourages high performance, and provides opportunities for professional and personal development for our people. We will accomplish this by having a strong and value-based performance culture, clear leadership principles and an effective management system." (StatoilHydro, 2007f).

The firm's value-based performance culture, leadership principles, and management system all stem on StatoilHydro's four core organizational values (StatoilHydro, 2007f). With respect to these values, organizational and individual goals are aligned through People@StatoilHydro process (StatoilHydro, 2007f, p. 28). As a result, StatoilHydro's organizational values and People@StatoilHydro become the two main integration forces, which drive the development of organizational culture and climate in the new firm. Both principles are recorded in the corporate "bible" – the StatoilHydro Book. The book is an important tool for leaders and employees in their daily work, because it contains the basic principles for governing their behaviors (StatoilHydro, 2007f). Based on the information provided in the StatoilHydro Book, a brief introduction of StatoilHydro's organizational values and the People@StatoilHydro are presented in section 1.2.2. and 1.2.3.

1.2.2. STATOILHYDRO ORGANIZATIONAL VALUES

Tore Torvund, the executive vice president for Exploration and Production Norway said, "Our goal is to utilize the experience and knowledge in our organization to establish a common culture and common work processes" (StatoilHydro, 2008). Accordingly, efforts have been exerted in order to make sure that the new organizational values are embraced in merger integration process. In StatoilHydro Book, it is stated "Our values are essential for us to succeed over time in a competitive environment. Our values are at the core of our management system and lead us in our decision-making. They drive our performance and guide us in how we do business and how we work together and towards external stakeholders." (StatoilHydro, 2007f, p. 14). Helge Lund further contended that "Commitment to our values, in words and actions, is not negotiable." (StatoilHydro, 2007c). The exact contents of StatoilHydro's four core values are displayed in Table 4.

Table 4. StatoilHydro Organizational Values

COURAGEOUS	OPEN	CARING	HANDS-ON
• Be imaginative, ambitious and stimulate new ideas. • Use foresight, and identify opportunities and challenges. • Challenge accepted truths and enter unfamiliar territory. • Make clear demands on each other and push for constructive change. • Understand and manage risk.	• Be truthful and act with integrity. • Be curious, work together and share experience. • Promote and value diversity. • Communicate in a precise way, give and accept constructive feedback. • Bring up ethical issues and challenges immediately.	• Cause zero harm to people and prevent accidents. • Reduce the negative impact of our activities and products on the environment. • Act within the law and comfortably within our own ethical • Demonstrate social responsibility and contribute to sustainable development • Respect the individual, help others to succeed and contribute to a positive working environment.	• Deliver on promises. • Continuously develop sound expertise, demonstrate commercial awareness and customer orientation. • Strive for simplification and clarity, and focus on value-adding activities. • Act decisively and be loyal to decisions. • Show dedication and endurance, follow through and pay attention to important details.

Source: StatoilHydro (2007f, p. 14-15)

1.2.3. PEOPLE@STATOILHYDRO

Relating to the long-term goal, StatoilHydro established the "ambition to action" process to identify and implement actions required to attain the long-term goal through a cycle of target setting, execution, and individual performance evaluation (Figure 2) (StatoilHydro, 2007f, p. 24).

Figure 2. StatoilHydro "Ambition to Action" Process
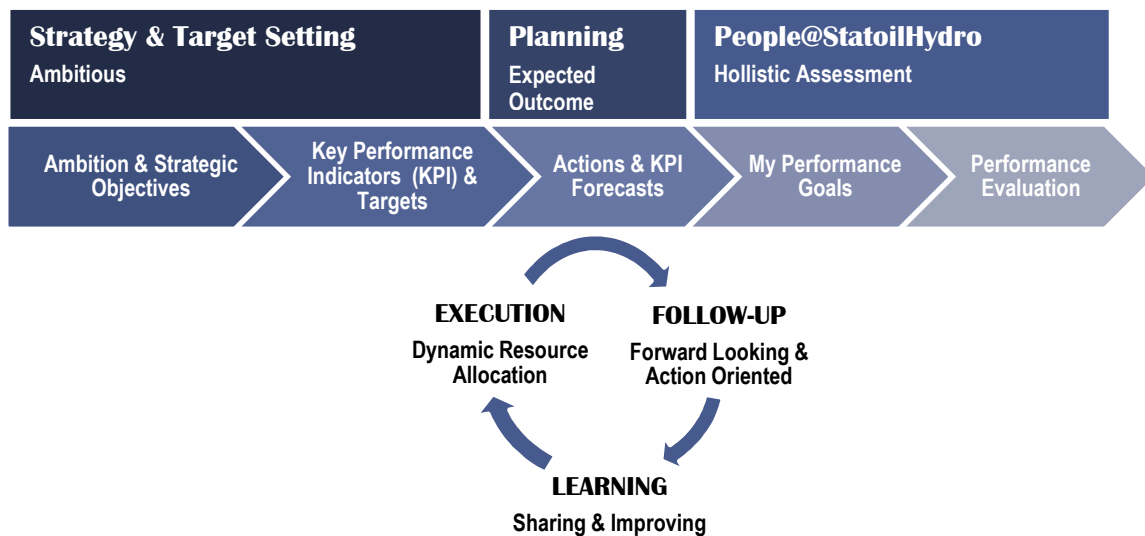
Source: StatoilHydro (2007f, p. 24)

As Figure 2 displays, the planning phase in the cycle includes individual and organizational actions at all appropriate organizational hierarchies (StatoilHydro, 2007f). As a part of this planning phase, People@StatoilHydro process is responsible to make sure that individuals and expertise are deployed effectively to meet business priorities and employees' own development needs (StatoilHydro, 2007f). Accordingly, in People@StatoilHydro process, the overall individual performance target and evaluation for each year are agreed and described in "My Performance Goals" (StatoilHydro, 2007f, p. 26, 29).

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CHAPTER 2
Problem Definition

Hitherto, the merger integration process at StatoilHydro has been taking place for more than one year (StatoilHydro, 2008). The work climate at StatoilHydro has been transformed to a certain extent by the firm's organizational values, which serve as a guideline for governing the behaviors of both leaders and employees (StatoilHydro, 2007f). The core values have been further reinforced by People@StatoilHydro through several assessments on individual employee behaviors, such as formal feedback from the People@StatoilHydro dialogue, Even Stronger Values survey, Global People Survey, and day-to-day observations by leaders and colleagues (StatoilHydro, 2007f). The outcome of these integration efforts is partly reflected through GPS 2008. The survey result reveals that StatoilHydro employees have defined themselves to a certain extent by values that they believe define the firm. Figure 3 present an overview of current employees' identification to StatoilHydro and its core values.

Figure 3. Percentage of Employees' Organizational Identification
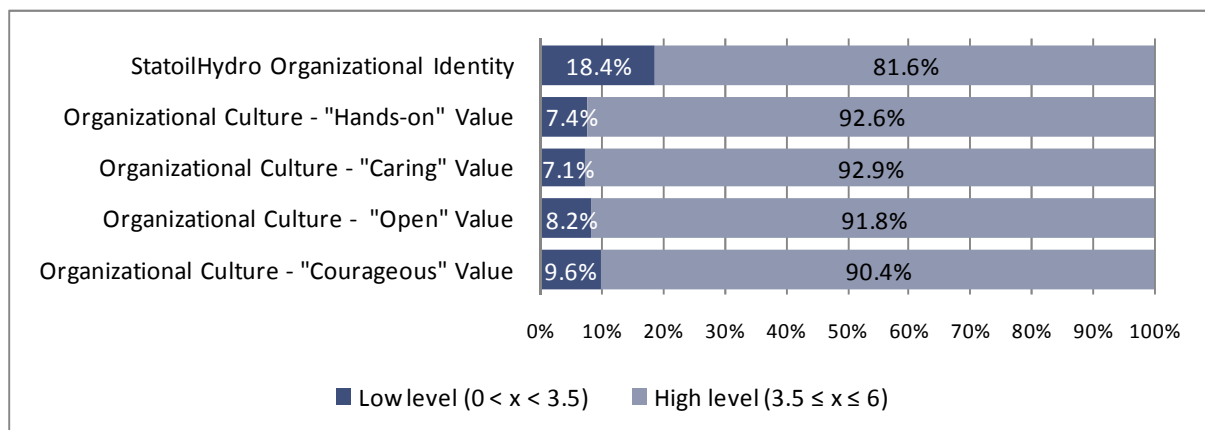
Source: Global People Survey 2008

Employees' organizational identification (EOI), defined as the way employees identify themselves with a firm, may operate as cognitive frameworks, through which employees interpret and respond to organizational change in StatoilHydro (Ashforth & Mael, 1989). As a consequence, the existing level of EOI may influence leadership effectiveness in the integration process (Lord, Brown, & Freiberg, 1999; van Tonder, 2004). The social identity theory suggests that leaders as change agents will be most effective when leadership and social processes are matched to the predominant identity level of employees (e.g., Giessner, van Knippenberg, Sleebos, 2009; Lord et al., 1999; Millward & Kyriakidou, 2004; Seyranian & Bligh, 2008; Shamir, Zakay, Breinin, & Popper, 1998; van Knippenberg & Hogg, 2003; van Knippenberg, van Knippenberg, De Cremer, & Hogg, 2004; Walumbwa, Lawler, Avolio, Wang, & Shi, 2005).

The graphs in Figure 3 clearly indicate that the high level of EOI occupies the largest proportion. Despite of the fact that the low EOI level still exist in the firm as a subculture, the predominant high level of EOI sufficiently supports a conclusion that the majority of StatoilHydro employees strongly identify themselves with the firm, and thus characterizes the current stage of StatoilHydro merger integration. There is evidence from numerous studies that when the level of EOI is high, leader behaviors with emphasis on organizational interest will have a bigger impact on leadership effectiveness, whereas, leader behaviors focusing on interpersonal aspects are less effective (e.g., Giessner et al., 2009; Lord et al., 1999; Millward & Kyriakidou, 2004; Seyranian & Bligh, 2008; Shamir et al., 1998; van Knippenberg & Hogg, 2003; van Knippenberg et al., 2004; Walumbwa et al., 2005). In other words, a high level of EOI may enhance leadership effectiveness of change agents during integration process if they display group-oriented behaviors. In view of that, the key challenge for StatoilHydro is to evaluate the existing leader behavioral style and the impact of high EOI level on leadership effectiveness so that merger performance can be guaranteed.

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2.2. RESEARCH PURPOSE & QUESTION

With regards to the above key challenge, this thesis aims to gain insight on the effectiveness of leader behaviors in reaching merger performance under the impact of EOI at StatoilHydro. In view of the research purpose, the following research question is formulated:

> *"How does the high level of employees' organizational identification (EOI)*
> *at StatoilHydro early merger integration influence*
> *the effectiveness of current leader behaviors in yielding merger performance?"*

CHAPTER 3
Theory

In order to provide a thorough theoretical background, the thesis will provide literatures for each of the three variables mentioned in the research questions, namely merger performance, employees' organizational identification (EOI), and leader behaviors. In section 3.1., the thesis will introduce merger and its performance, as well as merger integration process. Next, in section 3.2., the definition and measurement of leadership and its effectiveness, leadership context, and leader behavior will be explained in details. In section 3.3., the thesis will introduce leadership context with an emphasis on the high level of EOI. Subsequently, in section 3.4., the relationship between leader behavior and leadership context will be explained. In the last section, the thesis will introduce the combined leader behavior as the type of leader behavior which may be enhanced by the high level of EOI as leadership context.

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3.1. MERGER

As a response to the changing environmental conditions, firms are constantly upgrading their resources and capabilities through renewal, acquisition, redeployment, and recombination (Eisenhardt & Martin, 2000; Helfat & Peteraf, 2003). For this reason, merger has become an increasing popular strategy of choice for firms attempting to maintain a competitive advantage (Schraeder & Self, 2003; Millward & Kyriakidou, 2004; Papadakis, 2005). Merger is defined as the consolidation of two organizations into a single organization, resulting in the combination of both the assets and liabilities of acquired and acquiring firms (Schraeder & Self, 2003). The recent wave of merger has been dominated by horizontal megamergers (Gaughan, 2000), which are characterized by the merging of two firms competing in the same market (Seo & Hill, 2005).

3.1.1. MERGER OBJECTIVE

Merger objectives converge around themes including enhancing capacity, obtaining new knowledge or skills, reallocating assets into the control of the most effective managers or owners (Pautler, 2003; Millward & Kyriakidou, 2004), promoting diversification, achieving economies of scale, (Cartwright & Cooper, 1993), initiating new, expanded and improved products or services (Nguyen & Kleiner, 2003), spreading the risk, maintaining or even dominating existing markets, expanding into new markets, (Papadakis, 2005), as well as obtaining a global presence (Marks & Mirvis, 1992).

3.1.2. MERGER PERFORMANCE

Many previous studies measured merger performance based on financial outcomes, such as return on assets (Kusewitt, 1985; Ramaswamy, 1997). This type of measure has been criticized for its over-emphasis on short-term financial effects (Papadakis, 2005), as well as over-reliance on accounting-based and/or stock return, which may be subject to significant error (Larsson & Finkelstein, 1999). Besides financial outcomes, other measures of merger performance, such as synergy realization, employee welfare during integration process, organizational integration, and successful best practice implementation, are equally important, because the emphasis is on benefits that are realized in a longer period of time (Papadakis, 2005). It is worthy of note that the way merger performance is perceived by employees may influence many aspects of their work (Chreim, 2007). Employees'

perception on merger performance is influenced by a number of social and temporal factors (Chreim, 2007). One of the factors is merger motive (Rentsch & Schneider, 1991). When the motive for merger is growth, employees tend to have positive perception on desired merger outcomes (Rentsch & Schneider, 1991). When the motive is survival, the opposite is true (Rentsch & Schneider, 1991).

SYNERGY REALIZATION

A typical goal of horizontal megamergers is to pursue market synergy or consolidation (Capron, 1999; Capron, Dussauge, & Mitchell, 1998; Seo & Hill, 2005). For that reason, horizontal merger requires the greatest degree of organizational integration (i.e., procedural, physical, managerial, and sociocultural integration) (Shrivastava, 1985).Prospective merger partners are typically selected based on strategic fit of the two firms, in which similar or complementary organizational strategies set the stage for potential strategic synergy (Seo & Hill, 2005).

Synergy comes from the Greek word meaning "working together" (Harris, 2004). As a merger performance, synergy is realized when a merged firm generates an increased value compared to the additive organizational values of the independent firms (Eschen & Bresser, 2005). Synergy is achieved through successful best practice implementation, which involves a transfer, redeployment or even separation of strategically related resources, as well as an exploitation of expertise of the merging firms (Capron, 1999; Capron et al., 1998; Eschen & Bresser, 2005). The exploitation is conducted by collective joint actions, serving for a common objective and creating a greater total effect than the sum of effects when acting independently (Harris, 2004). In order to implement best, the merged firm ought to obtain resources and enhance effectiveness by sharing perceptions and experiences, insights and knowledge (Capron, 1999; Capron et al., 1998; Eschen & Bresser, 2005; Harris, 2004). Synergy realization is thus a dynamic process, involving adapting and learning (Harris, 2004), as well as a matching between combined resources and capabilities (Eschen & Bresser, 2005).

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3.1.3. MERGER INTEGRATION

The actual merger integration comes to pass at the operational combination phase in which organizational functions and operations of the merging firms are integrated (Seo & Hill, 2005). Consequently, interactions in the merged firm involve not only top management and joint committees, but also general work units and daily operations (Buono & Bowditch, 1990). As this stage includes rearrangement of budgets, space, work assignments, and responsibilities (Seo & Hill, 2005), employees have to learn new ways of doing things, meet new performance standards, and adopt new value and belief systems (Marks & Mirvis, 1992). This stage affects nearly all aspects of the merged firm (e.g., procedural, cultural, and role), and therefore it typically lasts longer (even years) than managers initially expect (Buono & Bowditch, 1990).

Merger success is reliant on synergy at both strategic and operational levels. Although strategic fit is significant, cultural fit is also vital, because it provides a condition for the operational level to implement the strategy to produce effect (Cartwright & Cooper, 1995; Poole, 1998). This is the main reason why the ability of a merged firm to integrate the organizational culture of both sides is more important to merger success than strategic factors (Nahavandi & Malekzadeh, 1988; Shrivastava, 1985; Very, Lubatkin, Calori & Veiga, 1997).

ACCULTURATION PROCESS

A cooperative process whereby the basic cultural aspects of the merging firms (i.e., basic assumptions and meanings, shared values and beliefs, and practices) form a jointly determined organizational culture is referred to as acculturation (Elsass & Veiga, 1994; Larsson & Lubatkin, 2001; Nahavandi & Malekzadeh, 1988; Schraeder & Self, 2003). Organizational culture refers to the basic shared assumptions and values that are invented, discovered, or developed by a firm throughout its history (Ashforth, 1985; Deepa, Klingler, Rongione, & Stumpf, 2006; Gertsen, Søderberg, & Torp, 1998; Gordon, 1991; Langan-Fox & Tan, 1997; Smircich, 1983). Organizational culture shape and guide employees' practice, attitude and behavior in a firm (O'Reilly, 1989; Wilson, 2001), and also serve as a frame of reference for measuring and analyzing oneself and others (Saffold, 1988; Wilkins & Dyer, 1988). For that reason, organizational culture is often called "the way we do things around here," as cited by Elsass and Veiga (1994) and McAleese and Hargie (2004) from a book written by Deal and Kennedy (1982). Organizational culture serves as forces that create a sense of membership or

cohesion, as well as a sense of difference from those who do not participate (Johnson, 1992). As such, it functions as the social glue that holds the firm together.

As organizational culture changes, employees' relationships with each other and with various stakeholders, as well as the expected employees' attitudes and behaviors in the workplace are redefined (Deepa et al., 2006). During acculturation, the intensity of the cultural shock depends on (1) how similar the merging cultures are, (2) how strong and deep-rooted those cultures are, and (3) how employees perceive and evaluate the new culture by comparing it to with their own (Dackert, Jackson, Brenner, & Johansson, 2003; Lajara, Marco, & Sempere, 2003). By and large, acculturation takes place during the operational combination stage (Buono & Bowditch, 1990; Seo & Hill, 2005). For this reason, acculturation is strongly related to synergy realization (Johnson, 1992; O'Reilly, 1989; Valentino & Brunelle, 2004).

ACCULTURATION STRATEGY

As a summary of several studies, the following Figure 4 is presented to illustrate three main strategies that a merged firm can choose for performing acculturation (e.g., Buch & Wetzel, 2001; Cartwright & Cooper, 1995; Jermier, Slocum, Fry, & Gaines, 1991; Langan-Fox & Tan, 1997; Pool, 2000; Riad, 2007; Silvester, Anderson, & Patterson, 1999):

Figure 4. Acculturation Strategy
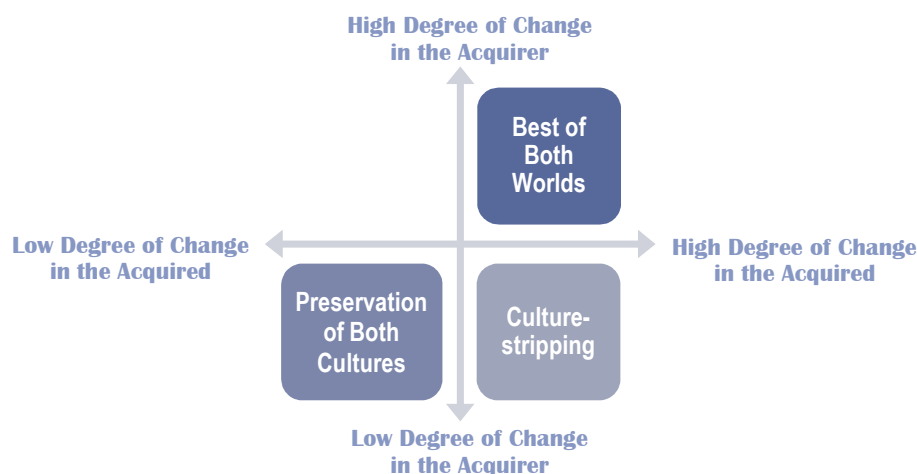
The most common strategy is the "best of both worlds," which requires integration and transformation of both cultures (Buch & Wetzel, 2001; Cartwright & Cooper, 1995, p. 64). The "culture-stripping" is the second most common strategy chosen, whereby the acquirer dominates and imposes

its own culture to the acquired (Cartwright & Cooper, 1995, p. 66; Jermier et al., 1991; Riad, 2007). In the end, the existing culture of the acquired becomes absorbed into the culture of the acquirer (Cartwright & Cooper, 1995). The last strategy allows both cultures to be preserved, and the two merging firms may remain "strangers" to each other in the business relationship (Graen & Hui, 1996, p. 63). However, it is rare that the acquired is allowed to maintain a separate and different cultural identity (Cartwright & Cooper, 1995; Riad, 2007). The upper left corner of the figure is left empty because there is no acculturation practice, in which a high degree of change is required in the acquirer while there is only a low degree of change is applied in the acquired.

When the "best of both worlds" strategy is chosen, then the more similar the cultures, the easier the acculturation process, provided that the merger is not between two strong cultures (Cartwright & Cooper, 1995). The expected synergy as merger performance is often unrealized on account of incompatible cultures (Cartwright & Cooper, 1995; Nguyen & Kleiner, 2003; Papadakis, 2005, 2007). For that reason, in order to guarantee the success of synergy realization, a merged firm using the "best of both worlds" strategy should create a "third culture" that combines the principles and values of both firms (Graen & Hui, 1996, p. 63). Since this is the merged firm's own culture that employees of both sides must adapt to, it is likely to be accepted by them and to promote a higher level of trust (Lajara, et al., 2003).

3.2. LEADERSHIP

Acculturation in merger integration process is mainly carried out by agency of change. The role of change agent is only one in a leader's constellation of roles, but in merger, it is a highly critical one. Change agents are "the people responsible for directing, organizing and facilitating change in organizations," as described by Massey and Williams (2006, p. 669), based on the definition by Burnes (2004). Building upon Katz and Kahn (1978), Osborn, Hunt, & Juach (2002, p. 804) define leadership influence of change agents as "the incremental influence of position holders exercised via direct and indirect means to maintain and/or alter the existing dynamics in and of a system."

Change agents can be any individuals operating at different levels and holding various ranks within a firm, such as CEOs, executives, and managers; their main role is to ensure that operational and strategic changes take place in the firm (Morrison, 2003). Depending on their function in a firm, different change agents play different role in organizational change process. Change agents in top management make explicit the vision and future state views for developing an effective organization (Massey & Williams, 2006), whereas managers as change agents bridge the ideals of the top with the often chaotic reality of those on the front lines (Harper, 1989; Hill, 1971; Sethi, 1999). Since managers are both the "object" and agency of change (Newell & Dopson, 1996), their role in implementing change has become controversial and critical (Morrison, 2003; Sethi, 1999).

3.2.1. DEFINITION OF LEADERSHIP & ITS EFFECTIVENESS

Before explaining the impact of EOI on the leadership effectiveness of change agent, the thesis will give the definition of leadership and its effectiveness in this section.

CONTEXTUAL LEADERSHIP

Traditional leadership approaches discuss leaders and their behaviors as if they almost exclusively operate in conventional firms (e.g., Bass, 1990). However, in reality, leaders are embedded within a firm (Lord, Brown, Harvey, & Hall, 2001). Countless studies have discovered that the meaning and importance of leadership is so strongly dependant on complex contexts (e.g., Avolio, 2007; Giessner et al., 2009; Lord et al., 1999; Lord et al., 2001; McLaurin, 2006; Millward & Kyriakidou, 2004; Osborn et al., 2002; Schmid, 2006; Seyranian & Bligh, 2008; Shamir et al., 1998; van Knippenberg & Hogg, 2003;

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van Knippenberg et al., 2004; Walumbwa et al., 2005) that "no single microscopic view is sufficiently detailed and comprehensive to suggest a singular productive view of leadership or leadership effectiveness" (Osborn et al., 2002, p. 807). Based on the contextual leadership concept, in this thesis, leadership is defined as "an emerging social process produced by the interaction of a variety of factors, including context, tasks, group histories, and the personal qualities of leaders and followers" (Lord et al., 2001, p. 312).

LEADERSHIP EFFECTIVENESS

Leadership effectiveness is a problematic concept (Andersen, 2006). Referring to a review of effectiveness definitions and measurements in leadership studies that he conducted in 1994, Andersen (2006) argues that many of those studies in fact do not have precise definitions of effectiveness. This thesis adopts the definition of leadership effectiveness given by Waldman, Bass, and Yammarino (1990, p. 384), that is "the extent to which the leader's unit meet its responsibilities and contributes to the organization's mission through the cooperation of subordinates."

It is important to note that leadership effectiveness is not equivalent to performance, regardless whether it is individual, group or organizational performance (Andersen, 2006). There are various factors with different impacts on the ultimate success of a merger; each must be attended to ensure performance. Effective leadership is only one of the contributing factors (Andersen, 2006).

3.2.2. MEASUREMENT OF LEADERSHIP & ITS EFFECTIVENESS

Evaluating leadership and its effectiveness can be challenging due to the complexity of organizational success factors, difficulty in obtaining such information, and external factors often beyond the leader's control (Church, 1998). Leadership and its effectiveness are typically analyzed by asking employees to report on the perceived behaviors of their leader (Hunter, Bedell-Avers, & Mumford, 2007). The underlying rationale is that leader behaviors affect employees' actions or perceptions, eventually leading to a desired outcome or performance (Hunter et al., 2007). Leadership effectiveness is often said to be in the "eyes of the beholder" (Church, 1998, p. 3), meaning that it is essentially a result of positive perceptions by employees. For that reason, leadership effectiveness is often measured as "perceived effectiveness" (Nystedt, 1997). "Leadership perceptions are grounded within a larger social, cultural, task and interpersonal environment" (Lord et al., 2001, p. 332).

Accordingly, perceptions of leadership by employees are also contingent on the context and the dynamic states, in which perceptions are created (Lord et al., 2001).

3.2.3. LEADER BEHAVIOR

Leadership effectiveness is contingent on a number of factors, such as a leader's attitudes, behaviors, characteristics and skills, as well as leadership interests (Mosadegh Rad & Yarmohammadian, 2006, p. 13, cited from Mosadegh Rad (2003)). Leader behavior, in particular, is an important factor that may influence employees to perform at their highest capability (Mosadegh Rad & Yarmohammadian, 2006). Group-oriented and interpersonal leader behaviors are the two types of behavior, which have proven effective in attaining organizational goal (Bass, 1995; Bass, Avolio, Jung, & Berson, 2003; Dansereau, Graen, & Haga, 1975; Goodwin, Wofford, & Whittington, 2001; Podsakoff, Todor, Grover, & Huber, 1984). These leader behaviors are described as follows:

GROUP-ORIENTED LEADER BEHAVIOR

A leader's group-oriented behavior may affect the extent to which employees identify themselves with the firm (Dutton, Dukerich, & Harquail, 1994). Conger (1990, p. 255) notes that transformational leader behaviors can lead to "group-think" among employees. Therefore, it can be concluded that leader group-oriented behavior belongs to transformational leader behavioral style (Bass & Avolio, 1993; Lord et al., 1999; van Knippenberg et al., 2004). When exerting influence at this identity level, transformational leaders mainly utilize charisma or idealized influence, inspirational motivation, and intellectual stimulation (Bass et al., 2003; Bass & Steidlmeier, 1999; Koh, Steers, & Terborg, 1995; Podsakoff, Todor & Skov, 1982; Podsakoff et al., 1984; Waldman et al., 1990; Yammarino & Dubinsky, 1994).

Charisma refers to "the extent of pride, faith and respect," which leaders encourage employees to have in themselves, leaders and firm (Bryant, 2003, p. 36). Such charisma is earned through transformational leader behaviors, such as considering employees' needs over leaders' own needs, sharing risks with employees and displaying integrity (i.e., consistency in conduct with principal ethics, principles, and values) (Bass et al., 2003). An element highly intercorrelated to charisma is the provision of inspirational motivation (Bass, 1995; Beugré, Acar, & Braun, 2006). Transformational leaders are able to motivate employees through behaviors, such as communicating clearly the

significance of organizational goal to employees, providing meaning and challenge to employees' work, and envisioning attractive future condition (Bass et al., 2003; Beugré et al., 2006; Bryant, 2003). As employees' enthusiasm and optimism increase, they are willing to strive, and often reach beyond their task boundary (Beugré et al., 2006). In describing intellectual stimulation, Bass (1990, p. 21) notes that "intellectually stimulating leaders are willing and able to show their employees new ways of looking at old problems, to teach them to see difficulties as problems to be solved, and to emphasize rational solutions." In this process, employees actively participate in eliciting new ideas and creative solutions to problems (Bass et al., 2003).

By using group-oriented behavior, leaders are transforming employees' self-concept, so that employees may increase their identification to the firm and its organizational goal (Shamir, House, & Arthur, 1993). In merger, leaders exert such influence through their role as change agents in acculturation process. In this process, transformational leaders display a range of group-oriented behaviors, such as being "one of us," emphasizing organizational identity and shared values, being champion of the organizational mission, and "doing it for us" (e.g., displaying commitment to the group and supportive behaviors, taking personal risk or even sacrificing personal interests on behalf of employees, and endorsing collective efficacy) (Bass, 1990; Bass et al., 2003; Berson, Shamir, Avolio, & Popper, 2001; Conger & Kanungo, 1987; Dvir, Eden, Avolio, & Shamir, 2002; Shamir et al., 1993; Shamir et al., 1998; van Knippenberg & Hogg, 2003, p. 256, cited from Haslam & Platow (2001)).

INTERPERSONAL LEADER BEHAVIOR

After finding a high intercorrelation between transformational and transactional leaderships (e.g., Bass, 1995; Bass & Steidlmeier, 1999; Conger & Kanungo, 1988; Koh et al., 1995; Waldman et al., 1990; Yammarino & Dubinsky, 1994), some researchers have learnt that the two types of leadership style intersect with each other (e.g., Bass, 1995; Bass & Steidlmeier, 1999; Bass et al., 2003; Waldman et al., 1990). These studies have also discovered that the overlapping part lies on the contingent reward of transactional style and the individualized consideration of transformational style, because only the contingent reward form of transactional style has been found to generate the expected performance, as well as employees' commitment and satisfaction (Bass, 1995; Bass et al., 2003; Dansereau et al., 1975; Goodwin et al., 2001; Podsakoff et al., 1984). A study by Geyer and Steyrer (1998) also provides an insight of the connection of contingent reward and individualized consideration.

The authors reported that the two elements were positively related to short-term, but negatively related to long-term performance.

When leaders exercise contingent reward, they specify both the standards for compliance and the features of ineffective performance (Bass, 1990; Bass et al., 2003). Rewards and recognition given to employees are dependent on their performance in completing roles and assignments (Podsakoff et al., 1982). Individualized consideration refers to the emphasis given by leaders on employees' individual need for achievement and growth by showing respect and dignity and serving as mentors (Bass et al., 2003; Beugré et al., 2006). Here, employees' individual differences in terms of needs and desires are recognized (Bass et al., 2003; Bryant, 2003). Leaders encourage employees to develop to higher levels of potential by providing them new learning opportunities along with a supportive organizational climate (Bass et al., 2003; Bryant, 2003; Pawar and Eastman, 1997).

Both contingent reward and individualized consideration are important elements of interpersonal leader behavior (Bass, 1995; Bass & Steidlmeier, 1999; Bass et al., 2003; Waldman et al., 1990). On one hand, when transformational leaders are engaged in organizational practices (e.g., performance evaluation, feedback, and rewards), they display transactional behaviors by making use of the contingent reward, so that employees' trust can be built as a base of a desired interpersonal relationship (Bass & Avolio, 1993; Bass et al., 2003; Parish, Cadwallader, & Busch, 2008). On the other hand, in exerting their leadership influence through the contingent reward form, transactional leaders supplement their primary behaviors with the individualized consideration of transformational style in order to build a positive interpersonal relationship with employees (Bass, 1995; Dansereau, et al., 1975; Pawar & Eastman, 1997). Affective interpersonal behavior displayed by leaders conveys dignity and respect that are perceived by employees as an indication of acceptable role performance (Lord et al., 1999). This may create an ego-enhancing basis for employees to identify with leaders (Lord et al., 1999). In addition, such interpersonal behavior may be perceived as similarity between attitudes and values of the leaders and those of employees (Lord et al., 1999). Such employees' perceptions of leaders may affect many aspects of leadership processes (Bozeman & Kacmar, 1997; Lord et al., 1999).

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3.3. LEADERSHIP CONTEXT

During merger integration process, change agents exercise leadership for change by exerting collective incremental influence in and around the system (Osborn et al., 2002). Contextual leadership is thus an important concept in analyzing leadership influence on merger performance, because these change agents are subject to various contextual variables within a firm while exercising leadership for change. Since leadership is embedded in its context, if the context alters, specific leadership needs and pattern or style, as well as combination of traits and behaviors that is considered effective will also change (Avolio, 2007; Lord et al., 2001; Osborn et al., 2002). In other words, the leadership of change agents and its effectiveness, in large part, are contingent on the context (Avolio, 2007; Lord et al., 2001; Osborn et al., 2002).

3.3.1. EMPLOYEES' ORGANIZATIONAL IDENTIFICATION AS LEADERSHIP CONTEXT

Since organizational culture is the core element of organizational identity (Mael & Ashforth, 1992), acculturation also has an impact on organizational identity. Organizational identity is a collective cognitive structure formed at unconscious level (Mael & Ashforth, 1992). Accordingly, it serves as a hidden or below-the-surface phenomenon. Employees are generally unaware of its presence and nature (Mael & Ashforth, 1992), despite the fact that it prescribes how employees should think and feel about themselves and their work (Hogg & Terry, 2000b). Organizational identity is also considered to be the essence of a firm for representing the central, distinctive and enduring character that defines the firm and distinguishes it from other firms (Dutton & Penner, 1993). On the whole, organizational identity provides a sense of what a firm stands for and becomes a knowledge foundation of what employees believe to be the core set of attributes associated with their membership in the firm (Hogg & Terry, 2000b; Poole, 1998). The extent to which employees define themselves by the same attributes that they believe define the firm is referred as employees' organizational identification (EOI) (Ashforth & Mael, 1989; Dutton et al, 1994).

Avolio (2007) suggests that among various contextual factors influencing leadership effectiveness, one of the best predictors of leadership effectiveness is organizational culture. This is particularly true in the case of merger (Ahmed, 1998; DeLisi, 1990; Pool, 2000; Silvester et al., 1999). As the essence of organizational identity, organizational culture can affect the formation of EOI in a merged firm (Lord et

al., 1999). The created EOI, in turn, can influence the effectiveness of leadership processes related to synergy realization (Lord et al., 1999; van Tonder, 2004). To sum up, leadership contexts, which are most relevant to leadership effectiveness in merger integration process are EOI to organizational identity and EOI to organizational culture as the main component of organizational identity.

3.3.2. HIGH LEVEL OF EMPLOYEES' ORGANIZATIONAL IDENTIFICATION IN EARLY MERGER INTEGRATION

Due to the complex and lengthy nature of acculturation, it is typically assumed that the extent in which employees identify themselves with the merged firm's identity and culture is low in the beginning of merger integration phase (e.g., Davy, Kinicki, Kilroy, & Scheck, 1988; Kavanagh & Ashkanasy, 2006; Millward & Kyriakidou, 2004; Papadakis, 2005). Nevertheless, different levels of EOI may be generated during acculturation (Harvey, Milorad, Novicevic, Zikic, & Ready, 2007). It is possible that the level of EOI in the early operational combination stage has reached a high level. Such condition may be one consequence of acculturation strategy that the merged firm employs. Acculturation process in merger integration may be accelerated with the alignment of individual and organizational goals (Deepa et al., 2006; Buch & Wetzel, 2001; Jermier et al., 1991; Langan-Fox & Tan, 1997; Riad, 2007). In doing so, the merged firm encourages individual employee to be a strategy owner (Buch & Wetzel, 2001; Langan-Fox & Tan, 1997), who tend to identify him/herself strongly with the merged firm. Such employees will regard the organizational interest as their self-interest, and events affecting the merged firm are experienced as affecting themselves (Bass & Avolio, 1993; Giessner et al., 2009; Lord et al., 2001; van Knippenberg & Hogg, 2003). As a result, organizational goal (e.g., best practice implementation) and employees' self-interest (e.g., employees' welfare during integration process) in merger are likely to be perceived as the same (Bass & Avolio, 1993).

CHARACTERISTICS OF HIGH LEVEL OF EMPLOYEES' ORGANIZATIONAL IDENTIFICATION

A high level of EOI leads to greater member compliance, endorsement to change, lower attrition, lower in-group conflict (Dutton et al., 1994; Dutton & Penner, 1993; Mael & Ashforth, 1992), and development of positive subcultures (Elsass & Veiga, 1994; Nahavandi & Malekzadeh, 1988). EOI may reach a high level as a result of a match of individual and organizational goals that allows for a

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consistency between employees' performance and goal attainment by the merged firm (Harvey et al., 2007). The more employees define themselves by the same attributes that they believe define the firm, the stronger employees identify themselves with the firm (Ashford & Mael, 1989; Dutton et al, 1994). Employees with high EOI level tend to personalize the firm's successes and failures relative to their own (Mael & Ashforth, 1992). They are concerned with collective welfare as their social motive (Bass & Avolio, 1993; Brewer & Gardner, 1996). In merger, this social motivation may manifest in an organizational goal, such as best practice implementation (Papadakis, 2005). On the contrary, employees with low EOI level focuses on self-interest (Bass & Avolio, 1993; Brewer & Gardner, 1996). An example of such individual goal in merger is employees' welfare during integration process (Riad, 2007).

Another factor contributing to the development of high EOI level is the "third culture" (Elsass & Veiga, 1994; Graen & Hui, 1996). When the "third" culture is viewed by the majority of employees as more prestigious, distinctive and attractive than their own, merger is viewed by employees as an opportunity to dissociate from negative past organizational identity (Ashforth & Mael, 1989; Elsass & Veiga, 1994; Elsbach & Bhattacharya, 2001; Nahavandi & Malekzadeh, 1988; Seo & Hill, 2005).

Acculturation applies both individuals and groups; therefore some individuals may experience vastly different rates of acculturation and form subcultures (Nahavandi & Malekzadeh, 1988). Therefore, subcultures may still exist despite the fact that the majority of employees have a high level of EOI (Elsass & Veiga, 1994; Nahavandi & Malekzadeh, 1988). If managed properly, subcultures may become an organizational asset leading to increased creativity, beneficial diversity, or cultural tolerance (Elsass & Veiga, 1994).

3.3.3. PREDOMINANT LEVEL OF EMPLOYEES' ORGANIZATIONAL IDENTIFICATION

It is important to note that although EOI may be differentiated into low and high levels, this does not mean that only a single level of EOI exists in the firm. Since acculturation shapes both individuals and groups, some individuals may experience vastly different degrees of acculturation (Elsass & Veiga, 1994). As a result, subcultures will sooner or later be formed (Nahavandi & Malekzadeh, 1988). This implies that different levels of EOI may exist in various organizational hierarchies. Accordingly, the low level vs. high level categorization should be treated as the predominant level of EOI. In other words, when a firm's EOI level is labeled as high, this means that the majority of employees strongly identify

themselves with the firm, and thus characterizes the overall condition of the firm. Nonetheless, this does not mean that low EOI level does not exist at all in the firm as a subculture. In this thesis, the term "EOI level" basically refers to the predominant level of EOI.

3.3.4. SOCIAL IDENTITY THEORY

Giessner et al. (2009) contend that one influential approach to understanding the influence of leadership context on perceptions, evaluations, and behavior is the social identity theory. The social identity theory is based on the notion of the self-concept (Lord et al., 1999). Self concept influences heavily the way people feel, think, and behave, and the things they aim to achieve (Lord et al., 1999; Shamir et al., 1993; van Knippenberg et al, 2004). The "self" is a collection of schemas elicited in various contexts and has specific cognitive, affective, and behavioral consequences (Lord et al., 1999). Over the past decade, an increasing number of studies have utilized the social identity approach for analyzing leadership and organizational processes (e.g., Ashforth & Mael, 1989; Carbonara & Caiazza, 2008; Dutton, et al., 1994; Giessner et al., 2009; Harvey et al., 2007; Lord et al., 1999; Millward & Kyriakidou, 2004; Seyranian & Bligh, 2008; Shamir et al., 1998; Sveningsson & Alvesson, 2003; van Knippenberg & Hogg, 2003; van Knippenberg et al., 2004; Walumbwa et al., 2005). These studies cover a wide range of organizational issues addressing the individual-level, group-level and intergroup aspects of organizational behaviors (for a complete overview, please refer to van Knippenberg & Hogg (2003)).

According to the social identity theory, people define themselves not only on the basis of their individual characteristics and interpersonal relations, but also in terms of characteristics of a social group to which they belong (Brewer & Gardner, 1996; Giessner et al., 2009). In other words, the "self" can manifest itself in three levels, namely individual, interpersonal and collective identity levels. Organizational identity is a part of the collective-level of identity, and is particularly vital when high organizational commitment is essential for organizational effectiveness (Dutton et al., 1994; Giessner et al., 2009; Lord et al., 1999; Shamir et al., 1998; van Knippenberg & Hogg, 2003; van Knippenberg et al., 2004).

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3.4. LEADER BEHAVIOR & LEADERSHIP CONTEXT

In view of the concept of contextual leadership, leadership behavior is created "on-the-fly to correspond to the requirements of different contexts, tasks, subordinates or maturational stages of a group or organization" (Lord et al., 2001, p. 314). The social identity theory highlights a need to match employees' identity level and leadership activities (Lord et al., 1999; Shamir et al., 1993). Since the importance of many leadership and social processes will vary with the salient employees' identity level, leaders will be most effective when leadership and social processes are matched to the predominant identity level of employees (Lord et al., 1999; Shamir et al., 1993).There is a dynamic relationship between leaders and social identity processes in creating leadership effectiveness (van Knippenberg et al., 2004). According to the social identity theory, in generating leadership effectiveness, leaders both affect and are affected by leadership context (van Knippenberg et al., 2004). This dynamic relationship is explained in the following two sections.

3.4.1. IMPACT OF LEADER BEHAVIOR ON LEADERSHIP CONTEXT

Figure 5. Mediating Process of Leadership Effectiveness
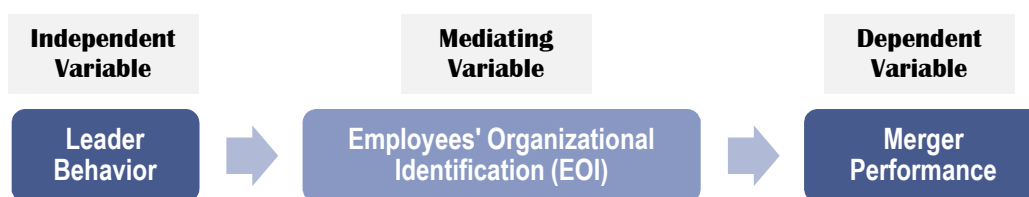
Source: Aguinis (2004, p. 5)

Leader behavior produces an impact on leadership context when a leader affects employees' self-concept, such as EOI, by aligning their values, attitudes, beliefs, and behaviors with organizational mission through appropriate leader behaviors (Pawar & Eastman, 1997; Shamir et al., 1993; van Knippenberg et al., 2004). In other words, leadership effectiveness in relation to organizational performance is indirectly yielded by leader behavior. The social identity theory defines this process as mediating process, in which intervening variables (i.e., EOI) play a role as mediators and explain the

relationship between leader behavior (i.e., independent variable) and merger performance (i.e., dependent variable) (Figure 5) (Aguinis, 2004; van Knippenberg et al., 2004). Mediators basically speak to *how* and *why* leader behavior generates leadership effectiveness related to merger performance (Aguinis, 2004). In this mediating process, leaders motivate employees to work for transcendental goals and for higher level self-actualizing (Bass et al., 2003; Pawar & Eastman, 1997; Shamir et al., 1993). As a result, the created EOI may cause employees to be committed to strive for organizational goal (Bass et al., 2003; Pawar & Eastman, 1997; Shamir et al., 1993).

3.4.2. IMPACT OF LEADERSHIP CONTEXT ON LEADER BEHAVIOR EFFECTIVENESS

Figure 6. Moderating Process of Leadership Effectiveness
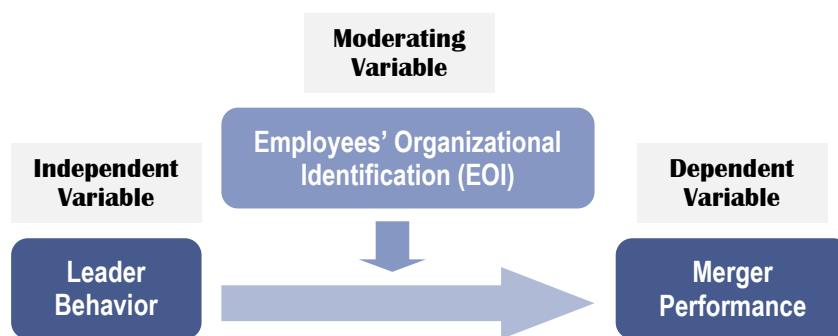
Source: Aguinis (2004, p. 5)

The developed EOI may also influence the effectiveness of subsequent leader behaviors (Avolio, 2007; Chreim, 2007; Dutton et al., 1994; Dutton & Penner, 1993; Lord et al., 1999; Lord et al., 2001; van Knippenberg et al., 2004). The social identity theory define this process as moderating process, in which moderators (i.e., EOI) explain *when* or *under what conditions* leader behavior (i.e., independent variable) generates leadership effectiveness related to merger performance (i.e., dependent variable) (Figure 6) (Aguinis, 2004; van Knippenberg et al., 2004). In this moderating process, EOI brings forth collective-oriented motivation to put forth on behalf of the firm (Dutton, et al., 1994; Lord et al., 2001; Osborn et al., 2002; Shamir et al., 1998; van Knippenberg et al., 2004; Walumbwa et al., 2005), and therefore, leadership effectiveness with an aim to attain organizational goal is strongly dependent on the EOI level or the extent that employees identify themselves with the firm (Avolio, 2007; Giessner et al., 2009; Lord et al., 1999; Lord et al., 2001; van Knippenberg & Hogg, 2003; Walumbwa et al., 2005).

3.5. COMBINED LEADER BEHAVIOR & HIGH LEVEL OF EMPLOYEES' ORGANIZATIONAL IDENTIFICATION

According to the social identity theory, leaders as change agents can generate an optimal leadership effectiveness when leader behaviors are matched to the predominant identity level of employees (e.g., Giessner et al., 2009; Lord et al., 1999; Millward & Kyriakidou, 2004; Seyranian & Bligh, 2008; Shamir et al., 1998; van Knippenberg & Hogg, 2003; van Knippenberg et al., 2004; Walumbwa et al., 2005). The theory further suggests that when the EOI level is high, a leadership style emphasizing on group-oriented behaviors will generate higher leadership effectiveness than a leader behavioral style with focus on interpersonal behaviors (Lord et al., 1999; van Knippenberg & Hogg, 2003). In other words, the high EOI level plays a role as a leadership context, which may moderate or enhance the effectiveness of leader behavior. However, instead of having the same opinion with the social identity theory, this thesis supports the statement of Bass (1995, p. 474) that "the best leaders are both transformational and transactional."

3.5.1. COMBINED LEADER BEHAVIOR

To begin with, it is possible for a firm to have organizational culture and work climate that are characterized by both styles of leadership (Bass & Avolio, 1993). Combined leader behavior includes both group-oriented and interpersonal leader behaviors (Bass & Avolio, 1993). Exercising group-oriented leader behaviors does not preclude individual employee to pursue their own goals and rewards (Bass & Avolio, 1993; Goodwin et al., 2001). Individual and organizational goals may be realized simultaneously when both are aligned and the coordination required to achieve the aligned goal is available (Bass & Avolio, 1993). In fact, by displaying interpersonal leader behaviors, such as providing credit, expressions of satisfaction, as well as social or monetary rewards for exceptional performance, leaders may get employees to continue endorsing their visions (Goodwin et al., 2001). As a result, "leaders and followers go beyond their self-interests or expected rewards for the good of the team and the good of the organization" (Bass & Avolio, 1993, p. 116, 118).

A combination of leader interpersonal and group-oriented behaviors is particularly important if a merged firm wishes to realize synergy. In section 3.1.2., it is mentioned that synergy realization is dependent on successful best practice implementation (Capron, 1999; Capron et al., 1998; Eschen & Bresser, 2005). Continuous creation, sharing, and exploitation of knowledge are crucial in best practice implementation. In the early merger integration stage, a merged firm is primarily concerned with exploiting and sharing the expertise of both sides. According to Bryant (2003), transformational leadership is beneficial for knowledge creation and sharing, because this leader behavioral style may encourage employees to share their ideas by creating an organizational climate that is receptive to innovative ideas. Nonetheless, knowledge exploitation needs transactional leadership, because this style creates the systems and structures favorable for converting creative ideas into valuable products and services (Bryant, 2003). In addition, the contingent rewards, which transactional leadership provides may motivate employees to perform extra effort (Bass, 1995; Bass et al., 2003; Dansereau et al., 1975; Goodwin et al., 2001; Podsakoff et al., 1984).

Finally, as transactional leadership generally contributes to the short-term financial performance, and transformational leadership exhibits stronger prediction over a longer period of time (Geyer & Steyrer, 1998), implementing both styles may help a merged firm keep a balance between short-term and long-term financial performances. Both types of financial performance are equally vital for the merged firm to survive in challenging environment. To sum up, combined leader behavior will provide the merged firm a balance between the maintenance or achievements of effective current performance by transactional leadership and the creation of innovative ways by transformational leaders that are more energizing and future focused (Bass & Avolio, 1993; Berson et al., 2001).

COMBINED LEADER BEHAVIOR & LOW LEVEL OF EMPLOYEES' ORGANIZATIONAL IDENTIFICATION

Everything considered, the thesis proposes that although EOI has already reached a relatively high level, the contingent reward element of transactional leadership should be kept for the sake of effective knowledge exploitation and short-term financial performance. Nonetheless, as mentioned earlier, contingent reward is not and should not be the primary base for the leader-employee relationship (Goodwin et al., 2001), thus, it should hold a small proportion in leadership. When EOI level is high, such trivial recognition is still beneficial for increasing employees' motivation, because tacit employees' expectations about a fair reward for good performance are acknowledged (Goodwin et al.,

2001). This implies that combined leader behavior may not be effective under a condition of low EOI level, because in this context, employees emphasize heavily on their self-interest (Bass & Avolio, 1993; Brewer & Gardner, 1996). According to the social identity theory, leader interpersonal behaviors will have a bigger impact on leadership effectiveness than group-oriented behaviors, when the level of EOI is low (Lord et al., 1999; van Knippenberg & Hogg, 2003).

COMBINED LEADER BEHAVIOR & ALIGNMENT OF INDIVIDUAL & ORGANIZATIONAL GOALS

As a final point, it is worthy of note that when individual and organizational goals are aligned, it is likely that the contingent reward, individualized consideration, and group-oriented behavior elements of combined leader behavior may be perceived as similar by employees. Such leader behavior mixture links contingent reward and performance feedback of transactional leadership to the transformational ways of doing things (Narine & Persaud, 2003), thus the two behavioral styles aim for the same objective. The logical inference is that even though each type of leader behavior seems to be attending to different social motivation, namely employees' self-interest (e.g., employees' welfare during integration process) and organizational goal (e.g., best practice implementation), since the goal of employees and the merged firm has now become one, both behavioral styles end up serving for the same purpose.

CHAPTER 4
Process Model

The research purpose of this thesis is to learn how the existing EOI level impacts the effectiveness of leader behaviors in reaching merger performance at StatoilHydro. This refers to the moderating process of leadership effectiveness described in section 3.4.2. Accordingly, the process model will be constructed based on Figure 7 with merger performance as the dependent variable, and combined leader behavior as the independent variable. In section 3.3., the theory suggests that leadership contexts most relevant to leadership effectiveness in merger integration process are EOI to organizational identity and EOI to organizational culture, which is the main component of organizational identity. For that reason, the two types of EOI are selected as the moderating variables. In brief, the thesis proposes the following process model and relevant hypotheses.

Figure 7. Process Model
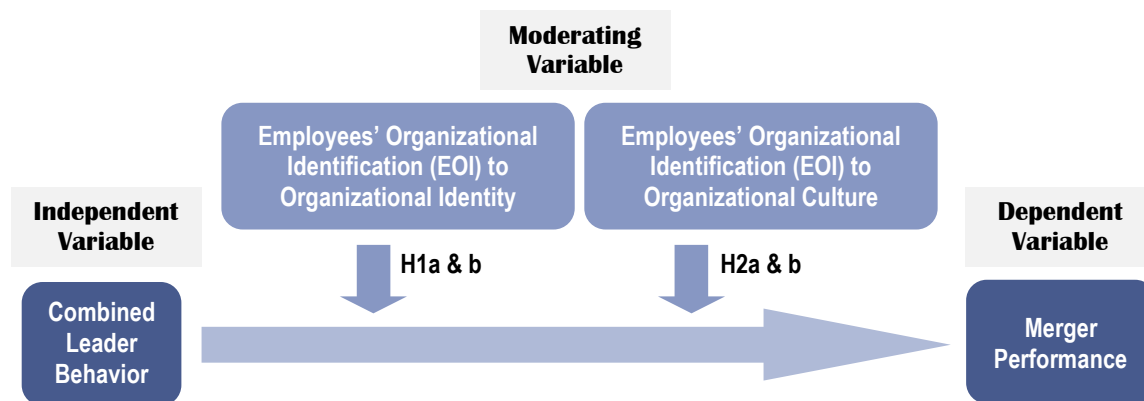
H1a: A high level of EOI to organizational identity enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H2a: A high level of EOI to organizational culture enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

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As the predominant level of EOI is high, the high level of EOI represents the overall condition of StatoilHydro current merger integration. Nonetheless, this does not mean that low level of EOI does not exist as a subculture. In the analysis, this subculture will also be taken into consideration, because it is still a part of StatoilHydro's organizational identity and organizational culture. The theory in section 3.5. suggests that combined leader behavior may not be effective under a condition of low EOI level, because employees focus on their self-interest (Bass & Avolio, 1993; Brewer & Gardner, 1996). Taking account of the existence of low EOI level as a subculture, the thesis also proposes the following hypotheses:

H1b: A low level of EOI to organizational identity does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

H2b: A high level of EOI to organizational culture enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

Lastly, it should also be noted that according to the social identity theory, combined leader behavior (i.e., independent variable) generates leadership effectiveness related to merger performance (i.e., dependent variable) in an indirect way through a mediating process (van Knippenberg et al., 2004). This process is described in section 3.4.1. and Figure 5. The above process model does not include the mediating process and only highlights the moderating process. Nonetheless, the relationship between combined leader behavior (i.e., independent variable) and merger performance (i.e., dependent variable) should not be falsely assumed as a direct relationship.

CHAPTER 5
StatoilHydro Merger Analysis

Before embarking to the empirical analysis, in this section, the thesis will provide background analyses of the three variables of the process model, namely employees' organizational identification (EOI), merger performance, and combined leader behavior related to the case of StatoilHydro merger. To begin with, some factors during merger integration process that may contribute to the development of high EOI level in StatoilHydro will be discussed in section 5.1. Subsequently, in section 5.2., the principles that govern StatoilHydro leader behaviors are examined in the light of interpersonal and group-oriented behaviors. In the last section, the thesis will explain in details the way merger performance is achieved through People@StatoilHydro process.

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5.1. EMPLOYEES' ORGANIZATIONAL IDENTIFICATION

The basic shared assumptions and values that are invented, discovered, or developed by a firm throughout its history develop a firm's organizational culture (Ashforth, 1985; Deepa, Klingler, Rongione, & Stumpf, 2006; Gertsen, Søderberg, & Torp, 1998; Gordon, 1991; Langan-Fox & Tan, 1997; Smircich, 1983). In StatoilHydro, organizational culture are formed by the firm's four core values, namely Courageous, Open, Caring, and Hands-on (StatoilHydro, 2007f, p. 14-15). Organizational culture contributes to the formation of organizational identity, because it is the core element of organizational identity (Mael & Ashforth, 1992). Thereby, EOI to StatoilHydro organizational culture is heavily influenced by these four values.

Figure 8. Percentage of Employees' Organizational Identification
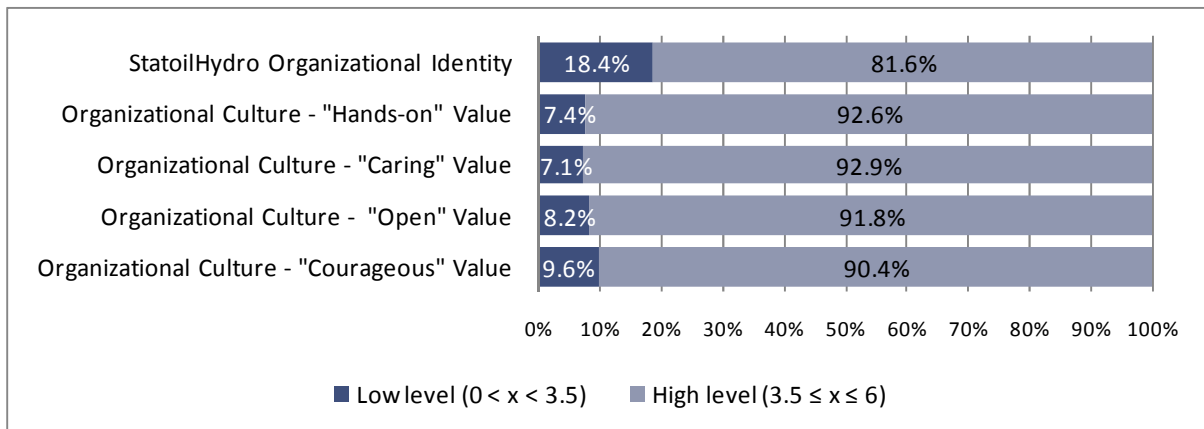
Source: Global People Survey 2008

Figure 9. Mean Value of Employees' Organizational Identification
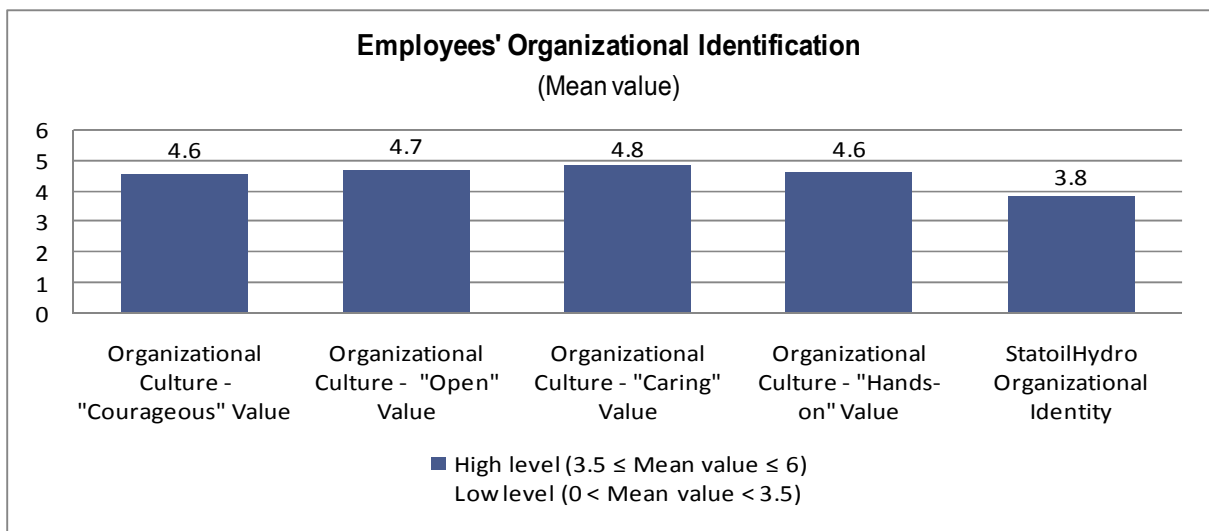
Source: Global People Survey 2008

EOI to StatoilHydro organizational identity and EOI to the firm's organizational culture are reflected by the result of Global People Survey 2008. Figure 8 illustrates that the high level of EOIs occupy a much larger percentage proportion, compared to the low level of EOIs. Figure 9 confirms this by displaying high mean values of EOIs. In a merger integration process that has taken place less than two years, this is an unusual situation. According to the literature, the level of EOI to a merged firm is typically low in the beginning of the integration stage (Davy et al., 1988; Kavanagh & Ashkanasy, 2006; Millward & Kyriakidou, 2004; Papadakis, 2005). The underlying reason is that acculturation, which redefines employees' relationships and the expected employees' attitudes and behaviors in the workplace, is a complex and lengthy process (Deepa et al., 2006). Below, several factors that may have contributed to the development of high EOI level at StatoilHydro are discussed:

"THIRD CULTURE" AND SIMILARITY IN ORGANIZATIONAL VALUES

The relatively high level of EOI at StatoilHydro may be caused by the similarity in both firm's organizational values and by its "third culture." First of all, as the "best of both worlds" was the acculturation strategy that StatoilHydro selected, both Statoil and Hydro have experienced integration and transformation in terms of organizational culture (Buch & Wetzel, 2001; Cartwright & Cooper, 1995). Cartwright and Cooper (1995) mention that when the "best of both worlds" strategy is selected, then the more similar the cultures, the easier the acculturation process, provided that the merger is not between two strong cultures. In order to minimize or even avoid cultural clash and to and the success of synergy realization can be guaranteed, Graen and Hui (1996, p. 63) suggest that a merged firm, which chooses the "best of both worlds" option, should create a "third culture" that integrates principles and values of both firms.

In order to evaluate whether the original organizational culture of Statoil and Hydro was similar or not, the thesis summarized and compared the organizational values of both firms. Furthermore, the thesis also matched these organizational values with the current values or StatoilHydro. The comparison and matching are presented in Table 5. It is evident that the four core values of StatoilHydro are the product of Statoil's and Hydro's organizational values. To sum up, StatoilHydro's organizational culture development is aligned with the theory suggestion of the "third culture" (Graen & Hui, 1996, p. 63).

The intensity of the cultural shock may be lessened when employees perceive the "third" culture as similar to their original organizational culture (Dackert & Jackson, 2003; Lajara, et al., 2003). Since

StatoilHydro's four core values do not differ significantly from the previous values, and since the organizational values of both firms are taken into account, it is not a surprise that employees have found it relatively easy to identify with the new organizational culture based on those values (Lajara, et al., 2003). As a result, EOI managed to reach a high level even in early merger integration phase.

Table 5. StatoilHydro Organizational Values

STATOIL ORGANIZATIONAL VALUES	HYDRO ORGANIZATIONAL VALUES	STATOILHYDRO ORGANIZATIONAL VALUES
IMAGINATIVE • Stimulate new ideas. • Look after new opportunities and new technology. • Go to new areas and unfamiliar territory.	**COURAGE** • Face challenges, and take measured risks despite uncertain outcomes. **FORESIGHT** • See around corners and envision long-term opportunities.	**COURAGEOUS** • Be imaginative, ambitious and stimulate new ideas. • Use foresight, and identify opportunities and challenges. • Challenge accepted truths and enter unfamiliar territory. • Make clear demands on each other and push for constructive change. • Understand and manage risk.
TRUTHFUL • Be truthful and act with integrity. • Open and transparent in doing business. • Conduct business ethically. • Regard the way of doing business as important as the results.	**RESPECT** • Act with integrity and recognize the inherent worth of all people, the value of the earth and the resources it provides.	**OPEN** • Be truthful and act with integrity. • Be curious, work together and share experience. • Promote and value diversity. • Communicate in a precise way, give and accept constructive feedback. • Bring up ethical issues and challenges immediately.
CARING • Cause zero harm to people and prevent accidents. • Health, safety, and environment (HSE) is in constant focus.	**COOPERATION** • Work with others in an open and inclusive way.	**CARING** • Cause zero harm to people and prevent accidents. • Reduce the negative impact of our activities and products on the environment. • Act within the law and comfortably within our own ethical.

		• Demonstrate social responsibility and contribute to sustainable development • Respect the individual, help others to succeed and contribute to a positive working environment.
HANDS-ON • Finish task on time and be able to handle problems **PROFESSIONAL** • Stand for the decisions. • Discover practical ways of doing things. • Aim for international standard. • Be reliable in achieving business ambitions	**DETERMINATION** • **D**efine a goal and stay the course.	**HANDS-ON** • Deliver on promises. • Continuously develop sound expertise, demonstrate commercial awareness and customer orientation. • Strive for simplification and clarity, and focus on value-adding activities. • Act decisively and be loyal to decisions. • Show dedication and endurance, follow through and pay attention to important details.

Source: Norsk Hydro (2007b, p. 14-25); Statoil (2003, 2005); StatoilHydro (2007f, p. 14-15); Vilkensen (2006)

INCORPORATION OF ORGANIZATIONAL VALUES INTO DAILY WORK

In addition, As Figure 10 shows, the organizational values are placed on the top of the pyramid of StatoilHydro's management system. This means that the firm aims to incorporate its organizational values and leadership principles into day-to-day work (StatoilHydro, 2007f). In StatoilHydro Book, it is repeatedly stated the importance or applying the firm's organizational value in management system and decision-making (StatoilHydro, 2007f). For StatoilHydro, the organizational value should be treated as the primary guideline in doing business and in working together with others internally and externally (StatoilHydro, 2007f). The top management team emphasizes heavily the internalization of organizational culture, as Helge Lund commented "Commitment to our values, in words and actions, is not negotiable." (StatoilHydro, 2007c). Furthermore, employee behavior is also taken into account in the assessment of individual performance during People@StatoilHydro process (StatoilHydro, 2007f). The design of this performance and reward system mainly serves as a support to the firm's merger integration. To sum up, having such a strong driving force of integration from the top management team is constructive in further accelerating the alignment of employee behaviors with the values and principles. As a consequence, a high level of EOI has been produced.

Figure 10. StatoilHydro Management System
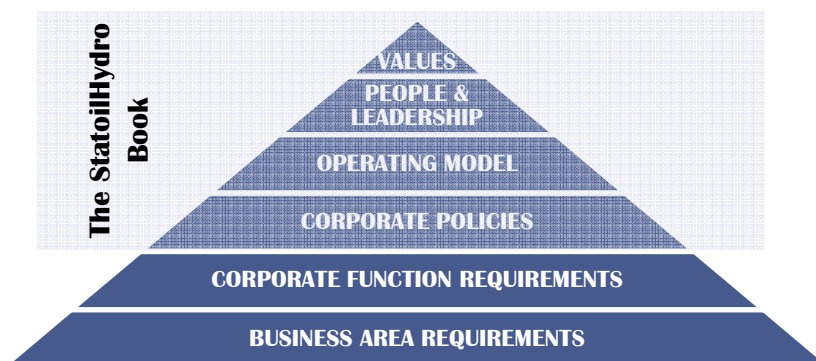
Source: StatoilHydro (2007f)

GROWTH AS MERGER MOTIVE

Other factor found in literature that may explain the relatively high level of EOI at StatoilHydro is the merger motive. According to Rentsch and Schneider (1991), when the motive for merger is growth, employees' perception on merger is likely to be positive. As outlined in Table 6, the motives of StatoilHydro merger are closely related to short-term and long-term goals that the merging firms wanted to achieve independently before the merger. As Helge Lund explained, "The strategy we have chosen for the next few years revolves around value creation and growth. We want to realize the entire potential of the Norwegian continental shelf while creating international growth at the same time. … For me, the merger has been a catalyst for improvement by utilizing best practice whether it concerns operations, climate technology, employee development or enhanced oil recovery." (Lund, 2007).

Table 6. Short-term & Long-term Goals of StatoilHydro Merger

SHORT-TERM GOAL
• **Overcoming the increasing degree of project difficulty** Great expertise and strong professional environments become a necessity, as the technical complexity is gradually increasing, and demanding challenges such as deeper waters, heavier oils, harsher climates and vulnerable areas are apparent. Owing to the merger, StatoilHydro is now technologically equipped and is able to tackle large, demanding projects.
• **Overcoming the tightening competition for resources** Since access to resources is becoming more difficult and expensive, a greater national control is indispensable for energy firms. In such situation, firm size is often a critical competitive factor. The merger has enlarged StatoilHydro's financial and organizational capacities to deal with business risk.
• **Realizing synergy through the new corporate structure** A new corporate structure is needed for generating greater value creation on the NCS. The merger can create values and advantages for StatoilHydro that would have been unachievable with the old corporate model.
LONG-TERM GOAL
Growing internationally Instead of competing with each other for the same goal, Statoil and Hydro merged to for achieving a common ambition of becoming a global energy company. As a result, the merger has widened the firm's industrial scope more than what Statoil and Hydro could have achieved separately.

Source: Lund (2007)

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SAFEGUARDING EMPLOYEES' WELFARE DURING INTEGRATION PROCESS

One of merger performances is maintaining employees' welfare during integration process (Papadakis, 2005; Riad, 2007). Successful efforts from the firm side in preserving employees' welfare during the rough integration course may also be one of the reasons, which cause the relatively high level of EOI at StatoilHydro.

To begin with, in order to ease merger integration and to construct a scrupulous integration planning, StatoilHydro established comprehensive teams responsible for various matters in relation to integration (Report 1). The teams consist of the Integration Planning Committee (IPC), Integration Planning Team, Collaboration Selection, Clean Team (CT), Value Capturing (VC), Transaction Team (TT), and Integration Monitoring Team (IMT) (Report 1). Helge Lund is the head of IPC, which leads CT, VC, TT, and IMT (Report 1).

Secondly, employee unions, such as the Norwegian Union of Energy Workers (Safe)/Confederation of Vocational Unions (YS), had been heavily involved from the beginning of merger integration process (Fran Finnegan & Company, 2007; StatoilHydro, 2008). Planning of the integration and restructuring work were led by a group of representatives of the top management and the unions (StatoilHydro, 2008).

Thirdly, by taking into consideration individual's present position, competence, experience, seniority, as well as suitability and social consideration, the re-staffing process in the initial integration stage managed to balance opportunities and job security (Fran Finnegan & Company, 2007). Both leaders and employees were offered a position in the merged firm even before the merger took effect (Fran Finnegan & Company, 2007; Norsk Hydro, 2007e). The majority of employees were given opportunity to express their interest of a certain position prior to staffing in StatoilHydro, and those who did not express any interest would be staffed directly in positions with the same basic character (Fran Finnegan & Company, 2007). Furthermore, although flexibility and mobility were encouraged, the firm presented this as a voluntary option to the employees in order to maintain competence (Fran Finnegan & Company, 2007). StatoilHydro provided a number of solutions for employees, who were assigned to work at a geographic location other than where they lived. For example, although the firm promoted moving, employees were also given the option to commute (Fran Finnegan & Company, 2007). In order to encourage moving, the firm provided generous packages, including accommodation for up to one year from the date of moving, rent-free with individual bearing tax responsibility, 20% increase in basic pay for 3 years from the date of moving (min. NOK 125,000; max. NOK 250,000 per year), mortgage that was up to 100% of property purchase price (max. NOK 3 million), free of interest and allowed

repayments for 5 years, settling-in grant as a one-off payment at time of moving to own property (NOK 150,000 for single employees, and NOK 300,000 for employees with family), cover of moving expenses and of costs involved with buying and selling property (Fran Finnegan & Company, 2007). As for commuting, StatoilHydro gave 15% of basic pay for 3 years (min. NOK 75,000; max. NOK 125,000 per year), travelling and subsistence expenses (NOK 169 per day), free accommodation, settling-in grant of NOK 50,000, and 1 trip home per week (Fran Finnegan & Company, 2007).

Finally, the firm offered an attractive package for voluntary early retirement to employees who would reach the age of 58 years by the end of 2008 (Fran Finnegan & Company, 2007). The package included 70 percent of salary with consideration on car allowance (Fran Finnegan & Company, 2007). Those who accepted the offer would earn pension points until normal pensionable age, and adjustments would be made compliant with StatoilHydro's practice (Fran Finnegan & Company, 2007).

EARLY AND OPEN COMMUNICATION

Poor and delays in communications are identified as some reasons of merger integration failure (Nguyen and Kleiner, 2003; Papadakis, 2005, 2007). In view of that, early and thorough communication efforts by StatoilHydro may be another reason of the relatively high level of EOI. A joint-company website, namely "Integration Planning", was set up to provide information in Norwegian and English on the integration planning (Fran Finnegan & Company, 2007). The website was conveniently accessible to both Statoil and Hydro employees (Fran Finnegan & Company, 2007). New information on the integration development (e.g., news, weekly letters and interviews) was published once it was available. In addition, information about the firm, progress plans, and legal guidelines were also provided (Fran Finnegan & Company, 2007).

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5.2. COMBINED LEADER BEHAVIOR

At StatoilHydro, leader behavior is guided by the firm's four core values (i.e., Courageous, Caring, Open, and Hands-on), which serves as a principle for measuring and analyzing oneself and others (Saffold, 1988; Wilkins & Dyer, 1988) and for governing leader' practice, attitude and behavior at work. As mentioned in the StatoilHydro Book, "Our values: guiding our day-to-day behavior at work." (StatoilHydro, 2007f, p. 13) and "Our values are essential for us to succeed over time in a competitive environment. Our values are at the core of our management system..." (StatoilHydro, 2007f, p. 14). In brief, desired or acceptable leader behavior at StatoilHydro should reflect the firm's four core values. As Helge Lund, the president and CEO of StatoilHydro, firmly stated "Commitment to our values, in words and actions, is not negotiable." (StatoilHydro, 2007c).

According to the theory, combined leader behavior consists of three elements: (1) contingent reward of transactional leadership (Podsakoff et al., 1982), (2) individualized consideration (Bass et al., 2003; Beugré et al., 2006), and (3) group-oriented behavior (Lord et al., 1999; van Knippenberg et al., 2004) of transformational leadership. A closer examination on the "People and Leadership" section in the StatoilHydro book (StatoilHydro, 2007f, p. 16) reveals that the expected leader behaviors at StatoilHydro include those three elements. Although this evaluation is far from representing the reality of leader behaviors at StatoilHydro, it may still be concluded that the combined leader behavior is being portrayed as the desired or acceptable leader behaviors that leaders at StatoilHydro should emulate. In Table 7, the exact content of the combined leader behaviors mentioned in the "People and Leadership" section are outlined according to literature descriptions on contingent reward, individualized consideration, and group-oriented behavior.

Table 7. Combined Leader Behavior at StatoilHydro

INTERPERSONAL LEADER BEHAVIOR	
Contingent Reward	**Individualized Consideration**
Literature Description	**Literature Description**
Both the standards for compliance and the features of ineffective performance are specified by leaders (Bass, 1990; Bass et al., 2003). Furthermore, rewards and recognition given to employees are contingent to their performance in completing roles and assignments (Podsakoff et al., 1982).	Employees' individual need for achievement and growth are taken into consideration by leaders (Bass et al., 2003; Beugré et al., 2006). Leaders show respect and dignity to employees and play a mentoring role (Bass et al., 2003; Beugré et al., 2006).
Description in the StatoilHydro Book:	**Description in the StatoilHydro Book:**
- Ensuring that employees have a clear understanding of the requirements, and for verifying that they comply with these in their day-to-day work (p. 16). - Developing and communicating organization ambitions, and set clear and challenging targets (p. 19). - Being clear about performance standards and individual accountability (p. 19). - Being committed to agreed objectives, and striving to deliver beyond expectations (p. 17). - Being dedicated and taking full responsibility for decisions, actions and results (p. 17, 18). - Celebrating and rewarding initiative, good behavior and outstanding delivery (p. 20). - Dealing immediately with unacceptable behavior and delivery (p. 20).	- Having a good and confidence-based relationship between the employees, their representatives and the firm (p. 16). - Respecting and motivating others, being a team player and creating effective working relationships (p. 17). - Taking on difficult conversations and making hard decisions (p. 19). - Being clear about performance standards and individual accountability (p. 19). - Distributing tasks and empowering, coaching and supporting people to ensure success and learning (p. 20).

GROUP-ORIENTED LEADER BEHAVIOR

Charisma/Idealized Influence

Literature Description

Charisma is earned through leader's integrity by being consistent in conduct with principal ethics, principles, and values (Bass et al., 2003).

Description in the StatoilHydro Book:

- Incorporating and living organizational values in all work aspects (p. 17, 20).
- Making decisions based on organizational values, principles and policies (p. 29).

Inspirational Motivation

Literature Description

Inspirational motivation is reflected through leader behaviors, such as communicating clearly the significance of organizational goal to employees, providing meaning and challenge to employees' work, and envisioning attractive future condition

Description in the StatoilHydro Book:

- Recognizing change as it is vital to the business (p. 17).
- Embracing change and challenges rather than avoiding them (p. 18).
- Being comfortable with uncertainty and having the strength to make bold and timely decisions (p. 18).
- Providing support, inspiring, and seeking assistance to master challenges (p. 19).

Intellectual Stimulation

Literature Description

"Intellectually stimulating leaders are willing and able to show their employees new ways of looking at old problems, to teach them to see difficulties as problems to be solved, and to emphasize rational solutions." (Bass, 1990, p. 21).

Description in the StatoilHydro Book:

- Taking initiative and continuously look for ways to improve performance (p. 17).
- Taking responsibility for own learning and development, continuously building new skills and share knowledge (p. 17).

Source: (StatoilHydro, 2007f)

5.3. MERGER PERFORMANCE

StatoilHydro merger performance may be divided in terms of individual and organizational (Papadakis, 2005; Riad, 2007). Individual goal in merger is employees' welfare during integration process (Riad, 2007), whilst merger organizational goal is best practice implementation (Papadakis, 2005). If managed properly, both objectives may contribute to the ultimate merger aim – synergy realization. According to the literature, an alignment of organizational goal and employees' self-interest in merger integration is beneficial for accelerating the acculturation process (Deepa et al., 2006; Buch & Wetzel, 2001; Jermier et al., 1991; Langan-Fox & Tan, 1997; Riad, 2007). Such alignment can realize both objectives, and as a consequence, "leaders and followers go beyond their self-interests or expected rewards for the good of the team and the good of the organization" (Bass & Avolio, 1993, p. 116, 118). However, such alignment calls for a proper coordination (Bass & Avolio, 1993). At StatoilHydro, acculturation process is accelerated through an alignment of organizational and individual interests. The coordination required to achieve the aligned goal is performed in People@StatoilHydro process.

The StatoilHydro Book states that "the People@StatoilHydro process ensures alignment between business targets and individual targets" (StatoilHydro, 2007f, p. 28). The bridge between these two goals is the firm's organizational values (i.e., Courageous, Caring, Open, and Hands-on). StatoilHydro's four core values provide a standard, which governs employees' practice, attitude and behavior in a firm (O'Reilly, 1989; Wilson, 2001). As stated in the StatoilHydro Book, the organizational values "drive our performance and guide us in how we do business and how we work together and towards external stakeholders." (StatoilHydro, 2007f, p. 14). In other words, behaviors reflecting the four core values are regarded as behaviors beneficial for the best practice implementation, eventually leading to synergy realization. StatoilHydro's organizational values define "the way we do things around here" (Cited by Elsass and Veiga (1994) and McAleese and Hargie (2004) from a book written by Deal and Kennedy (1982)). Based on this principle, the performance of individual employee is assessed with an equal emphasis on both delivery and behavior (StatoilHydro, 2007f). On one hand, delivery targets are based on "ambition to action" (StatoilHydro, 2007f). This is the firm's continuous, dynamic, forward-looking and action-oriented process for identifying and implementing actions needed to realize StatoilHydro's long-term goal (StatoilHydro, 2007f). On the other hand, behavior targets are based on formal feedback from the People@StatoilHydro dialogue, Even Stronger Values Survey, Global People Survey, and day-to-day observations by leaders and colleagues (StatoilHydro, 2007f). In brief, through a cycle of target

setting, execution, and individual performance evaluation, the individual and organizational goals are aligned. As StatoilHydro organizational culture creates a sense of membership or cohesion in the firm (Johnson, 1992), human resource and expertise are able to be deployed effectively to meet business priorities and individual employees' development needs (StatoilHydro, 2007f).

CHAPTER 6
Methodology

In this chapter, the thesis will first introduce Global People Survey (GPS) 2008, which is the quantitative data source used in the analyses. In the section 6.2., the level of analysis will be selected. Subsequently, in section 6.3., the thesis presents the results of Exploratory Factor Analysis that serve as a justification on the suitability of GPS 2008 survey data in relation to the thesis topic. From section 6.4. until section 6.7., the thesis will outline the moderating, independent, dependent, and control variables in details. In particular, the indicators of each variable will be presented as a foundation of the analysis.

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6.1. GLOBAL PEOPLE SURVEY 2008

In this section, the thesis will introduce its main quantitative data source – the Global People Survey (GPS) 2008. GPS is one of the surveys, whose results are used for leaders and employees' individual behavior assessment at StatoilHydro (StatoilHydro, 2007f). The first GPS was conducted in 2008, capturing information pertaining employees' perceptions of many aspects in StatoilHydro, particularly concerning EOI to StatoilHydro organizational identity, EOI to StatoilHydro organizational culture based on the firm's core values, interpersonal and group-oriented leader behaviors, as well as merger performances (i.e., best practice implementation and employees' welfare during integration process). The main survey questionnaire of GPS 2008 are provided in Appendix 1. GPS 2008 is a typical survey for measuring leadership and its effectiveness, because it asks employees to report on the perceived behaviors of their leaders (Hunter, Bedell-Avers, & Mumford, 2007). In this way, leadership effectiveness related to merger performance is measured as "perceived effectiveness" (Nystedt, 1997).

GPS 2008 covered more than 13,500 StatoilHydro employees across the world with approximately 10,500 onshore employees and 3,000 offshore employees. Among onshore employees, 18.1% were employees with supervisory position, and 81.9% were those without supervisory position. 15.8% of these employees worked at Hydro before the merger, 77.5% were from Statoil, and 6.7% were new-comers. A complete overview of GPS 2008 respondents' demographic data is presented in Appendix 2.

6.2. LEVEL OF ANALYSIS

StatoilHydro has many layers in its organizational structure, such as onshore vs. offshore, country-based vs. city-based offices, and asset-based vs. function-based business areas. Due to space and time limitation, it is not possible to conduct the analysis in every layer of the firm. Up til now StatoilHydro merger integration process in this stage had covered only the onshore field (StatoilHydro, 2008). Since the thesis topic scope is within merger integration context, it seems reasonable to limit the analysis within the onshore field. Furthermore, since business areas had been heavily restructured during the initial integration phase, this organizational layer will be included in the analysis as a control variable. In doing so, any analysis variations among the business areas may be detected.

In section 6.4. until section 6.7., the indicators of four variables of the process model, namely moderating variable, independent variable, dependent variable, and control variable, are determined based on the evaluation on GPS 2008 questions, exploratory factor analysis, and internal consistency reliability analysis.

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6.3. EXPLORATORY FACTOR ANALYSIS

Exploratory factor analyses (EFA) is a general term for a type of multivariate analysis techniques used to uncover the latent structure and dimensions or factors of a set of variables (Janssens, Wijnen, De Pelsmacker, & Van Kenhove, 2008). In EFA, it is only the strength of the association between the questions that is important. Using EFA, a larger number of questions can be clustered to several categories containing a smaller number of factors (Janssens et al., 2008). For that reason, EFA can be used for modeling purposes (Janssens et al., 2008).

Prior to selecting survey questions for each analysis variable based on the literature and the StatoilHydro Book, the thesis first conducted EFA to find out the latent structure and dimensions GPS 2008 survey questions based on the Rotated Component Matrix table (Table 8). The Rotated Component Matrix clusters GPS 2008 survey questions into eleven different components. The result shows a high absolute loading on one of the eleven factors and a low loading on the remaining factor (Janssens et al., 2008). The correlation between question and factor is thus sufficiently exclusive to be able to guarantee a pure definition of the eleven factors (Janssens et al., 2008).

Table 8: Factor Analysis 1

	VARIABLE	Component										
		1	2	3	4	5	6	7	8	9	10	11
Q59	Combined Leader Behavior (LB)	.805	.279	.109	.119	.165	.065	.067	.011	.009	.027	.081
Q58	LB	.797	.248	.090	.044	.100	.043	.164	.037	.077	-.047	.008
Q61	LB	.769	.244	.097	.159	.157	.073	.044	.003	.021	.064	.074
Q62	LB	.768	.235	.119	.151	.248	.107	.028	.061	.054	.067	.016
Q64	LB	.744	.103	.123	.153	.076	.138	.150	.016	.094	.111	-.049
Q63	LB	.722	.171	.078	.096	.132	.034	.183	.052	.053	-.044	.055
Q65	LB	.694	.240	.182	.176	.107	.192	.046	.065	.015	.140	.014
Q13		.691	.321	.145	.060	.234	.073	.204	.075	.033	-.008	-.014
Q60	LB	.679	.242	.139	.262	.147	.079	.074	.031	-.044	.113	.066
Q66	LB	.673	.208	.187	.225	.115	.303	.025	.037	.009	.138	.028
Q51		.443	.131	.288	.244	.174	.307	.062	.070	.130	.236	-.154
Q52		.395	.086	.382	.218	.198	.264	-.016	.054	.162	.236	-.133
Q34		.362	.319	.214	.323	.219	.204	-.052	.101	.033	.138	-.067
Q53		.347	.323	.159	.213	.319	.189	.114	.079	.152	.074	.098
Q22	EOI to Organizational Culture Value Open (VO)	.279	.734	.101	.212	.167	.095	.195	.044	.040	.030	.038
Q23	VO	.293	.693	.127	.236	.179	.087	.104	.031	.019	.082	.093
Q21	VO	.220	.692	.091	.242	.166	.127	.154	.016	.041	.045	.015
Q20	VO	.277	.643	.115	.209	.071	.146	.312	.087	.055	.088	-.121
Q19	EOI to Organizational Culture Value Courageous (VC)	.258	.638	.125	.353	.216	.138	.011	.046	.019	.127	-.026

Q17	VC	.330	.618	.146	.169	.251	.152	.091	.086	.071	.062	-.087
Q16	VC	.311	.579	.166	.234	.342	.161	.023	.054	.071	.058	-.018
Q18	VC	.248	.578	.118	.322	.267	.126	.068	.015	-.077	.165	.114
Q37	EOI to Organizational Culture Value Caring (VCA)	.320	.558	.150	.155	.145	.104	.352	.051	.138	-.029	-.004
Q38	VCA	.330	.540	.157	.215	.208	.096	.190	.008	.082	.038	.111
Q24	VO	.268	.488	.211	.279	.017	.159	.240	.103	.025	.235	-.104
Q4	VCA	.207	.418	.074	.073	.388	.039	.201	.018	.085	.045	.124
Q40		.082	.127	.806	.151	.072	.027	.150	.009	.006	.050	.083
Q39		.127	.159	.794	.140	.062	.054	.165	.045	-.005	.069	.022
Q43		.143	.127	.721	.128	.112	.165	.025	.056	.048	.147	.112
Q15		.167	.138	.717	.002	.137	.221	.129	.114	.036	.060	-.079
Q49		.174	.079	.633	.132	.140	.437	.091	.067	.064	.057	.017
Q42		.142	.080	.518	.163	.123	.079	-.122	.029	.024	.307	.242
Q67		.168	.076	.503	.115	.368	.152	.194	.032	.191	-.054	-.066
Q14		.370	.273	.446	.031	.249	.249	.195	.125	.038	.031	-.057
Q32	EOI to Organizational Culture Value Hands-on (VH)	.147	.212	.144	.668	.106	.088	.140	-.077	.059	.088	.074
Q33	VH	.174	.240	.095	.616	.106	.137	.208	-.019	.060	.057	-.016
Q30	VH	.224	.397	.140	.593	.185	.080	.187	.041	.010	.018	.035
Q29	VH	.178	.323	.128	.582	.102	.060	.296	.042	.007	.021	-.049
Q31	VH	.234	.427	.156	.559	.150	.139	.033	.065	.027	.077	-.025
Q25	VH	.206	.300	.123	.551	.197	.066	.269	.057	-.011	.051	.145
Q27	VH	.274	.450	.139	.522	.230	.136	.034	.054	.042	.080	.019
Q28	VH	.226	.388	.198	.428	.040	.180	.301	.081	.031	.076	-.040
Q26	VH	.338	.351	.171	.385	.341	.148	-.042	.075	.031	.166	.085
Q1		.199	.221	.102	.174	.649	.084	.109	.064	.059	-.001	-.251

Q3		.262	.292	.202	.087	.576	.137	.114	.106	.095	.037	-.050
Q11		.262	.236	.279	.098	.572	.130	.055	.077	.129	.028	-.164
Q68		.242	.210	.236	.106	.570	.107	.150	.097	.264	-.074	-.076
Q2		.259	.202	.119	.186	.544	.091	.012	.069	.076	.217	.148
Q9		.144	.208	.094	.221	.516	.122	.172	-.007	-.116	.154	.434
Q8		.234	.324	.064	.224	.481	.115	.234	.027	-.112	.164	.317
Q10		.176	.333	.123	.165	.387	.217	-.029	-.037	-.010	.188	.173
Q47	Merger Performance – Best Practice Implementation (BPI)	.208	.201	.258	.198	.184	.741	.010	.016	.006	.123	.090
Q48	BPI	.228	.190	.237	.187	.203	.737	.025	.043	.008	.109	.049
Q45	EOI to Organizational Identity	.136	.231	.191	.083	.027	.613	.173	.023	.026	.012	.060
Q46	Merger Performance – Employees' Welfare in Integration Process	.291	.154	.374	.065	.274	.528	.117	.113	.115	-.014	-.090
Q36	VCA	.196	.262	.160	.297	.016	.098	.623	.076	.090	.122	-.096
Q35	VCA	.142	.208	.159	.314	.079	.042	.613	.008	.023	.071	.070
Q12	VCA	.196	.208	.223	.127	.228	.080	.601	.085	.028	.171	.036
Q7	VCA	.146	.215	.078	.188	.206	.071	.577	.026	-.002	.304	.141
Q55 *		.103	.096	.126	.025	.108	.058	.067	.942	.175	.025	.090
Q56 *		.104	.093	.089	.050	.144	.041	.046	.198	.864	.047	.273
Q6		.058	.117	.099	.104	.143	.007	.233	-.029	.023	.729	.070
Q5		.106	.100	.223	.044	.000	.129	.165	.071	.035	.706	-.172
Q41		.288	.310	.344	.211	.068	.199	.008	.003	.002	.369	.006
Q57		.001	.013	-.053	.045	.137	-.008	.000	-.164	-.221	.046	-.669
Q54		.054	.002	.053	.070	.050	.056	.053	.002	.357	-.058	.666

Note: * The question contained negation, so the answer was re-coded, so that all questions were scaled in the same direction.

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Among the eleven components, only five are applicable for the variables of the process model (Table 9). The Rotation Sums of Squared Loadings column of Total Variance Explained Table (Table 10) display 39.223% of total variation percentage of these five components. Since the total variation percentage of the eleven components is 65.180%, it may be concluded that the five components occupy a big proportion on the total variance percentage.

Table 9. Exploratory Factor Analysis Components Relevant for Analyses

COMPONENT	VARIABLE	COMPONENT	VARIABLE
1	Combined Leader Behavior	6	Merger Performance and EOI to Organizational Identity
2	EOI to Organizational Culture based on Courageous, Open, and Caring values	7	EOI to Organizational Culture based on Caring value
4	EOI to Organizational Culture based on Hands-on value		

Table 8 shows that component 1 includes other survey questions besides those of the independent variable (i.e., combined leader behavior). Therefore, another EFA was run to see if there are any sub-components. The results show that component 1 splits up into two sub-components (Table 11). The sub-component 1 comprises all survey questions pertaining to the independent variable and question no. 13. Because question no. 13 concerns trust on immediate supervisor, it is not used in the analysis.

The EFA result shows that the questions for the moderating, independent, and dependent variables are clustered in different dimensions. The total variance percentage of all five components is high. Furthermore, the high absolute loading on one of the five components and a low loading on the other four components signifies that the correlation between question and dimension is sufficiently exclusive to be able to guarantee a pure definition of the five dimensions. To sum up, the thesis concluded that the GPS 2008 data is valid and proper for the thesis analysis topic.

Table 10: Total Variance Explained of Exploratory Factor Analysis 1

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	25.790	37.926	37.926	25.790	37.926	37.926	8.594	12.638	12.638
2	3.455	5.080	43.006	3.455	5.080	43.006	7.499	11.027	23.666
3	2.886	4.245	47.251	2.886	4.245	47.251	5.188	7.629	31.295
4	2.773	4.078	51.329	2.773	4.078	51.329	4.643	6.828	38.122
5	1.794	2.639	53.968	1.794	2.639	53.968	4.357	6.407	44.529
6	1.703	2.504	56.472	1.703	2.504	56.472	3.081	4.530	49.060
7	1.443	2.123	58.595	1.443	2.123	58.595	2.856	4.200	53.260
8	1.298	1.909	60.504	1.298	1.909	60.504	2.107	3.099	56.359
9	1.115	1.640	62.143	1.115	1.640	62.143	2.094	3.079	59.438
10	1.064	1.565	63.708	1.064	1.565	63.708	2.022	2.973	62.411
11	1.001	1.472	65.180	1.001	1.472	65.180	1.883	2.769	65.180
12	.941	1.384	66.564						
13	.858	1.262	67.826						
14	.851	1.252	69.077						
15	.812	1.194	70.271						
16	.711	1.045	71.316						
17	.681	1.001	72.317						

18	.674	.991	73.308
19	.650	.956	74.264
20	.627	.923	75.187
21	.622	.914	76.101
22	.573	.843	76.944
23	.554	.815	77.759
24	.544	.801	78.560
25	.536	.789	79.349
26	.526	.774	80.122
27	.510	.749	80.872
28	.501	.737	81.609
29	.496	.730	82.338
30	.484	.712	83.050
31	.469	.690	83.740
32	.454	.668	84.407
33	.450	.662	85.069
34	.445	.655	85.724
35	.421	.620	86.343
36	.419	.616	86.960
37	.417	.613	87.573
38	.403	.592	88.165
39	.386	.567	88.732

40	.380	.559	89.291
41	.377	.554	89.845
42	.370	.544	90.389
43	.365	.537	90.926
44	.357	.525	91.451
45	.346	.508	91.959
46	.332	.488	92.447
47	.327	.482	92.929
48	.320	.471	93.400
49	.320	.470	93.870
50	.308	.453	94.323
51	.304	.447	94.770
52	.298	.438	95.208
53	.288	.423	95.631
54	.275	.405	96.036
55	.273	.401	96.437
56	.262	.385	96.823
57	.256	.377	97.200
58	.252	.371	97.571
59	.240	.354	97.924
60	.231	.340	98.265
61	.222	.327	98.591

62	.220	.323	98.914
63	.201	.295	99.210
64	.196	.289	99.498
65	.178	.262	99.760
66	.163	.240	100.000
67	-1.231E-17	-1.810E-17	100.000
68	-2.117E-16	-3.114E-16	100.000

Extraction Method: Principal Component Analysis.

Table 11: Exploratory Factor Analysis 2 of Component 1in Exploratory Factor Analysis 1

	Component	
	Rotated Component Matrix[a]	
	1	2
Q59	0.864	0.269
Q58	0.846	0.204
Q61	0.792	0.308
Q13	0.781	0.297
Q62	0.765	0.404
Q63	0.76	0.191
Q60	0.714	0.378
Q65	0.672	0.444
Q66	0.654	0.489
Q64	0.637	0.462
Q52	0.184	0.853
Q51	0.241	0.835
Q34	0.337	0.626
Q53	0.37	0.573

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a   Rotation converged in 3 iterations.

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6.4. MODERATING VARIABLE

Moderating variable is the variable, which alters the relationship between independent and dependent variables in the regression equation (Aguinis, 2004). As mentioned in section 3.3., leadership contexts that are most relevant to merger integration process are EOI to organizational identity and EOI to organizational culture. For that reason, the two types of EOI are selected as the moderating variables.

6.4.1. SURVEY QUESTIONS

The survey questions pertaining to EOI to organizational culture are determined based on the content of StatoilHydro organizational values stated in the StatoilHydro Book (StatoilHydro, 2007f, p. 14-15). As for the question regarding EOI to StatoilHydro organizational identity, it is determined based on the theory, which suggests that when StatoilHydro culture as the "third" culture is viewed by the majority of employees as more prestigious, distinctive and attractive than their own, employees tend to dissociate from their original Statoil or Hydro organizational identity (Ashforth & Mael, 1989; Elsass & Veiga, 1994; Elsbach & Bhattacharya, 2001; Nahavandi & Malekzadeh, 1988; Seo & Hill, 2005). Table 12 outlines the survey questions.

Table 12. GPS 2008 questions for Moderating Variable

EOI to StatoilHydro Organizational Identity

	Survey Question	Literature Description
Q45	In my department we do not have any "those from Hydro - those from Statoil" attitude after the merger	When the "third" culture is viewed by the majority of employees as more prestigious, distinctive and attractive than their own, employees tend to dissociate from their original organizational identity (Ashforth & Mael, 1989; Elsass & Veiga, 1994; Elsbach & Bhattacharya, 2001; Nahavandi & Malekzadeh, 1988; Seo & Hill, 2005).

EOI to StatoilHydro Organizational Culture

1. Value "Courageous"

	Survey Question	Description in the StatoilHydro Book
Q16	In my department we have a stimulating climate for new ideas and creativity	Be imaginative, ambitious and stimulate new ideas.
Q17	In my department it is acceptable to challenge established truths	Use foresight, and identify opportunities and challenges. Challenge accepted truths and enter unfamiliar territory.
Q18	In my department we make clear demands to each other	Make clear demands on each other and push for constructive change.
Q19	In my department we strive to make constructive changes	Make clear demands on each other and push for constructive change.

2. Value "Open"

	Survey Question	Description in the StatoilHydro Book
Q20	In my department we are truthful and act with integrity	Be truthful and act with integrity.
Q21	In my department we cooperate and share experiences	Be curious, work together and share experience.
Q22	In my department we communicate in an open and precise way	Communicate in a precise way, give and accept constructive feedback.
Q23	In my department we give each other constructive feedback	Communicate in a precise way, give and accept constructive feedback.
Q24	In my department we bring up ethical issues and challenges immediately	Bring up ethical issues and challenges immediately.

3. Value "Caring"

	Survey Question	Description in the StatoilHydro Book
Q4	I get support and help from my colleagues when needed	Respect the individual, help others to succeed and contribute to a positive working environment.
Q7	In my department, tasks which could entail risk are always performed according to established procedures	Reduce the negative impact of our activities and products on the environment.
Q12	Safety is well taken care of in my workplace	Reduce the negative impact of our activities and products on the environment.
Q35	In my department we strive to achieve zero harm to people, prevent accidents and reduce negative effects on the environment	Reduce the negative impact of our activities and products on the environment. Demonstrate social responsibility and contribute to sustainable development.
Q36	In my department we comply with legal requirements and our ethical policies	Act within the law and comfortably within our own ethical
Q37	In my department we respect the individual	Respect the individual, help others to succeed and contribute to a positive working environment.
Q38	In my department we actively work to improve the working environment	Respect the individual, help others to succeed and contribute to a positive working environment.

4. Value "Hands-on"

	Survey Question	Description in the StatoilHydro Book
Q26	In my department we continuously develop sound expertise	Continuously develop sound expertise, demonstrate commercial awareness and customer orientation.
Q27	In my department we strive for simplification and clarity and focus on value-adding activities	Strive for simplification and clarity, and focus on value-adding activities.
Q28	In my department we are loyal to decisions	Act decisively and be loyal to decisions.
Q29	In my department we demonstrate endurance and follow through	Deliver on promises.
Q30	In my department we pay attention to important details	Show dedication and endurance, follow through and pay attention to important details.
Q31	In my department we continuously seek business opportunities and/or operational improvements	Continuously develop sound expertise, demonstrate commercial awareness and customer orientation.
Q32	In my department we place considerable emphasis on being cost-effective	Continuously develop sound expertise, demonstrate commercial awareness and customer orientation.
Q33	In my department we are customer oriented	Continuously develop sound expertise, demonstrate commercial awareness and customer orientation.

6.4.2. INTERNAL CONSISTENCY RELIABILITY ANALYSIS

Reliability refers to the extent to which a scale yields consistent results when the measurements are conducted a number of times (Janssens et al., 2008). In other words, if the association in reliability analysis is high, the scale produces consistent results and is hence reliable. The reliability analysis used here is the internal consistency. Internal consistency can measure the reliability of several questions, which are summed to form a total score (Janssens et al., 2008). This measure focuses on the internal consistency of the set of questions forming the scale using Cronbach's alpha value (Janssens et al., 2008). Basically, the higher the Cronbach's alpha value is, the higher the consistency level of the responses, and the preferable Cronbach's alpha value is a value larger than .80 (Janssens et al., 2008). The Cronbach's alpha valuesshown in Table 13 is larger than .80. The high Cronbach's alpha value indicates a low likelihood for a random response pattern, meaning that the survey data of the moderating variable has a high reliability.

Table 13. Internal Consistency Reliability Analysis on Moderating Variable

Reliability Statistics

Cronbach's Alpha	N of Items
.936	16

6.4.3. PEARSON'S CORRELATION

Pearson's Correlation (PC) is the most common measure of bivariate correlation (Janssens et al., 2008). PC measures the strength of the relationship between two variables (Janssens et al., 2008). Thus, a correlation between two or more survey questions reflects the degree to which those questions are related (Janssens et al., 2008). The thesis conducted PC on each process model variable in order to determine whether there is a need to combine certain questions within the same variable. If there is a correlation between two or more questions within one variable, a mean value of those questions will be calculated.

Although there are two moderating variables, PC was only performed for the second moderating variable (i.e., EOI to organizational culture), because the first moderating variable (i.e., EOI to organizational identity) only contains one survey question. Since the second moderating variable consists of four elements, each representing StatoilHydro's core values (i.e., Courageous, Open, Caring, and Hands-on), PC was conducted on the questions pertaining to these four core values in

order to detect correlations among them. The correlation analysis result in Table 14 displays correlations among the survey questions. The high degree correlation occurs because some of these independent variables may measure the same concepts or phenomena (Janssens et al., 2008). Therefore, the high correlation here indicates that the majority of employees perceive that the questions concerning Courageous, Open, Caring, and Hands-on as similar. In order to confirm this finding, the thesis calculate the mean value of the survey questions for each of the four values, and performed another PC among these mean values. The second correlation analysis result in Table 15 displays high correlations among the mean values.

Correlation also means that "a change in the value of X is accompanied by a change in the value of Y on the average" (Cohen, West, Cohen, & Aiken, 2002, p. 64). Therefore, a high degree of correlations among the four elements of EOI to organizational culture supports the theoretical argument that fundamental aspects of organizational culture (i.e., basic underlying assumptions, values, and beliefs) are interconnected, interact with and influence each other, because these aspects are holistic and shared among members in a wide range of features of organizational life (Dackert & Jackson, 2003; Hofstede et al., 1990; Riad, 2007). In view of that, values as the elements of organizational culture are meant to be taken as a whole, because together they represent a complete picture of StatoilHydro's organizational culture. Furthermore, it is not the aim of this thesis to measure the moderating effect of EOI to each organizational culture element in the regression analysis. Rather, the thesis wants to measure the moderating effect of those elements as a whole – the EOI to the organizational culture of StatoilHydro. Accordingly, a mean value of all questions listed in Table 12 was calculated to determine the second moderating variable (i.e., EOI to organizational culture).

The result in Table 15 also shows that the mean value of the survey questions for EOI to organizational culture does not correlate with EOI to organizational identity. For that reason, the thesis decided to let EOI to organizational identity and EOI to organizational culture remain as separate moderating variables.

Table 14. Pearson's Correlations 1 for Moderating Variable

Correlations

		COURAGEOUS				OPEN					CARING							HANDS-ON							
		Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q4	Q7	Q12	Q35	Q36	Q37	Q38	Q26	Q27	Q28	Q29	Q30	Q31	Q32	Q33
Q16	Pearson Correlation	1	.702**	.604**	.685**	.541**	.574**	.588**	.587**	.455**	.434**	.347**	.352**	.329**	.331**	.507**	.550**	.553**	.585**	.433**	.428**	.511**	.568**	.383**	.397**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12732	12620	12649	12579	12645	12680	12702	12676	11988	12677	10990	12230	11390	12506	12699	12580	12560	12539	12629	12589	12618	11803	12247	11676
Q17	Pearson Correlation	.702**	1	.569**	.641**	.585**	.546**	.593**	.555**	.477**	.409**	.348**	.366**	.309**	.369**	.530**	.501**	.477**	.561**	.440**	.427**	.493**	.524**	.357**	.391**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12620	12684	12617	12551	12607	12633	12656	12635	11966	12632	10958	12185	11351	12462	12650	12535	12522	12505	12587	12549	12579	11764	12204	11645
Q18	Pearson Correlation	.604**	.569**	1	.659**	.544**	.567**	.620**	.639**	.478**	.415**	.372**	.328**	.343**	.345**	.470**	.520**	.530**	.555**	.485**	.479**	.535**	.514**	.449**	.429**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12649	12617	12721	12586	12646	12677	12699	12677	11985	12671	10993	12222	11398	12500	12691	12576	12551	12538	12626	12588	12624	11792	12245	11674
Q19	Pearson Correlation	.685**	.641**	.659**	1	.588**	.588**	.605**	.610**	.496**	.409**	.353**	.333**	.338**	.357**	.485**	.525**	.535**	.634**	.473**	.466**	.553**	.607**	.443**	.436**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12579	12551	12586	12641	12575	12599	12621	12604	11924	12590	10932	12152	11329	12426	12611	12503	12485	12482	12552	12514	12545	11751	12180	11620
Q20	Pearson Correlation	.541**	.585**	.544**	.588**	1	.613**	.665**	.590**	.557**	.420**	.391**	.396**	.376**	.497**	.595**	.504**	.446**	.508**	.527**	.498**	.523**	.459**	.377**	.422**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12645	12607	12646	12575	12722	12673	12699	12673	11975	12669	10984	12223	11386	12507	12696	12574	12549	12540	12626	12586	12618	11793	12235	11673
Q21	Pearson Correlation	.574**	.546**	.567**	.588**	.613**	1	.711**	.636**	.458**	.491**	.359**	.346**	.344**	.383**	.528**	.525**	.491**	.522**	.460**	.466**	.519**	.487**	.378**	.413**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12680	12633	12677	12599	12673	12764	12743	12707	12000	12708	11007	12258	11416	12531	12727	12606	12578	12562	12655	12611	12653	11811	12263	11690
Q22	Pearson Correlation	.588**	.593**	.620**	.605**	.665**	.711**	1	.728**	.523**	.466**	.363**	.356**	.356**	.401**	.599**	.569**	.498**	.544**	.510**	.486**	.554**	.488**	.407**	.426**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12702	12656	12699	12621	12699	12743	12790	12738	12020	12734	11032	12278	11437	12555	12757	12633	12601	12584	12680	12638	12674	11833	12282	11711
Q23	Pearson Correlation	.587**	.555**	.639**	.610**	.590**	.636**	.728**	1	.517**	.447**	.345**	.322**	.338**	.354**	.554**	.563**	.514**	.545**	.475**	.458**	.517**	.488**	.412**	.407**

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
3	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12676	12635	12677	12604	12673	12707	12738	12755	12009	12703	11014	12254	11419	12530	12727	12608	12585	12561	12658	12616	12649	11810	12268	11688
Q24	Pearson Correlation	.455**	.477**	.478**	.496**	.557**	.458**	.523**	.517**	1	.314**	.385**	.382**	.398**	.490**	.498**	.471**	.445**	.472**	.478**	.430**	.455**	.437**	.391**	.388**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	11988	11966	11985	11924	11975	12000	12020	12009	12045	12000	10579	11649	10970	11916	12022	11936	11926	11929	11985	11949	11969	11286	11670	11178
Q4	Pearson Correlation	.434**	.409**	.415**	.409**	.420**	.491**	.466**	.447**	.314**	1	.302**	.306**	.267**	.273**	.437**	.415**	.372**	.363**	.333**	.349**	.377**	.328**	.260**	.306**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12677	12632	12671	12590	12669	12708	12734	12703	12000	12797	11026	12287	11417	12540	12736	12608	12585	12555	12652	12615	12646	11806	12259	11688
Q7	Pearson Correlation	.347**	.348**	.372**	.353**	.391**	.359**	.363**	.345**	.385**	.302**	1	.517**	.428**	.444**	.352**	.344**	.337**	.363**	.377**	.359**	.384**	.347**	.341**	.330**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	10990	10958	10993	10932	10984	11007	11032	11014	10579	11026	11063	10932	10444	10912	11033	10951	10924	10915	10984	10956	10982	10345	10709	10170
Q12	Pearson Correlation	.352**	.366**	.328**	.333**	.396**	.346**	.356**	.322**	.382**	.306**	.517**	1	.480**	.457**	.378**	.359**	.331**	.345**	.346**	.334**	.352**	.311**	.286**	.297**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12230	12185	12222	12152	12223	12258	12278	12254	11649	12287	10932	12332	11267	12133	12283	12179	12139	12116	12204	12178	12198	11421	11855	11290
Q35	Pearson Correlation	.329**	.309**	.343**	.338**	.376**	.344**	.356**	.338**	.398**	.267**	.428**	.480**	1	.545**	.394**	.424**	.334**	.347**	.366**	.356**	.391**	.350**	.382**	.363**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	11390	11351	11398	11329	11386	11416	11437	11419	10970	11417	10444	11267	11462	11355	11441	11366	11322	11314	11389	11357	11387	10719	11122	10561
Q36	Pearson Correlation	.331**	.369**	.345**	.357**	.497**	.383**	.401**	.354**	.490**	.273**	.444**	.457**	.545**	1	.454**	.370**	.309**	.367**	.447**	.429**	.417**	.361**	.339**	.393**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12506	12462	12500	12426	12507	12531	12555	12530	11916	12540	10912	12133	11355	12588	12561	12443	12423	12409	12498	12471	12491	11694	12133	11586
Q37	Pearson Correlation	.507**	.530**	.470**	.485**	.595**	.528**	.599**	.554**	.498**	.437**	.352**	.378**	.394**	.454**	1	.615**	.436**	.480**	.471**	.439**	.481**	.420**	.348**	.393**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	12699	12655	12691	12611	12697	12727	12757	12727	12026	12736	11033	12283	11441	12561	12795	12645	12603	12583	12675	12644	12672	11830	12281	11711
Q38	Pearson Correlation	.550**	.501**	.520**	.525**	.504**	.525**	.569**	.563**	.471**	.415**	.344**	.359**	.424**	.370**	.615**	1	.542**	.508**	.427**	.397**	.474**	.458**	.388**	.387**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000
	N	1258	1253	1257	1250	1257	1260	1263	1260	1193	1260	1095	1217	1136	1244	1264	1266	1249	1247	1256	1253	1255	1173	1218	1161

		0	5	6	3	4	6	3	8	6	8	1	9	6	3	5	1	0	9	5	0	6	3	6	1
Q26	Pearson Correlation	.553	.477	.530	.535	.446	.491	.498	.514	.445	.372	.337	.331	.334	.309	.436	.542	1	.579	.419	.390	.491	.504	.393	.379
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000
	N	12560	12522	12551	12485	12549	12578	12601	12585	11926	12585	10924	12139	11322	12423	12603	12490	12636	12483	12554	12519	12543	11747	12183	11615
Q27	Pearson Correlation	.585	.561	.555	.634	.508	.522	.544	.545	.472	.363	.363	.345	.347	.367	.480	.508	.579	1	.509	.480	.588	.603	.505	.466
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000
	N	12539	12505	12538	12482	12540	12562	12582	12561	11929	12555	10916	12116	11314	12409	12589	12479	12486	12605	12543	12504	12537	11774	12197	11621
Q28	Pearson Correlation	.433	.440	.485	.473	.527	.460	.510	.475	.478	.333	.377	.346	.366	.447	.471	.427	.419	.509	1	.601	.537	.444	.437	.457
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000
	N	12629	12587	12626	12552	12626	12655	12680	12658	11985	12652	10984	12204	11389	12498	12675	12565	12554	12543	12703	12607	12625	11799	12248	11676
Q29	Pearson Correlation	.428	.427	.479	.466	.498	.466	.486	.458	.430	.349	.359	.334	.356	.429	.439	.397	.390	.480	.601	1	.618	.476	.420	.487
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
	N	12589	12549	12589	12514	12586	12615	12638	12616	11949	12615	10956	12178	11357	12471	12640	12530	12519	12506	12607	12665	12594	11776	12218	11645
Q30	Pearson Correlation	.511	.493	.535	.553	.523	.519	.554	.517	.455	.377	.384	.352	.391	.417	.481	.474	.491	.588	.537	.618	1	.578	.495	.498
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
	N	12618	12579	12624	12545	12618	12653	12674	12649	11969	12646	10982	12198	11387	12491	12674	12556	12543	12625	12594	12698	11795	12245	11656	
Q31	Pearson Correlation	.568	.524	.514	.607	.459	.487	.488	.488	.437	.328	.347	.311	.350	.361	.420	.458	.504	.603	.444	.476	.578	1	.516	.476
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
	N	11803	11764	11792	11751	11793	11811	11833	11810	11286	11806	10345	11421	10719	11694	11832	11733	11747	11774	11799	11776	11795	11854	11600	11067
Q32	Pearson Correlation	.383	.357	.449	.443	.377	.378	.407	.412	.391	.260	.341	.286	.382	.339	.348	.388	.393	.505	.437	.420	.495	.516	1	.483
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
	N	12247	12204	12245	12180	12235	12263	12282	12268	11670	12259	10709	11855	11122	12133	12280	12186	12183	12197	12248	12218	12245	11600	12307	11450
Q33	Pearson Correlation	.397	.391	.429	.436	.422	.413	.426	.407	.388	.306	.330	.297	.363	.393	.393	.387	.379	.466	.457	.487	.498	.476	.483	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	11676	11645	11674	11620	11673	11691	11711	11688	11178	11688	10170	11290	10561	11586	11711	11615	11611	11621	11676	11645	11656	11067	11450	11735

**. Correlation is significant at the 0.01 level (2-tailed).

Table 15. Pearson's Correlations 2 for Moderating Variable

Correlations

		EOI_OrgCulture_ Courageous_Value	EOI_OrgCulture_ Open_Value	EOI_OrgCulture_ Caring_Value	EOI_OrgCulture_ HandsOn_Value	EOI_StatoilHydro_ OrgIdentity
EOI_OrgCulture_ Courageous_Value	Pearson Correlation	1	.777**	.560**	.725**	.180**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	12858	12858	12858	12847	12818
EOI_OrgCulture_ Open_Value	Pearson Correlation	.777**	1	.623**	.715**	.201**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	12858	12859	12859	12848	12819
EOI_OrgCulture_ Caring_Value	Pearson Correlation	.560**	.623**	1	.580**	.141**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	12858	12859	12862	12849	12820
EOI_OrgCulture_ HandsOn_Value	Pearson Correlation	.725**	.715**	.580**	1	.184**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	12847	12848	12849	12849	12812
EOI_StatoilHydro_ OrgIdentity	Pearson Correlation	.180**	.201**	.141**	.184**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	12818	12819	12820	12812	12820

**. Correlation is significant at the 0.01 level (2-tailed).

6.5. INDEPENDENT VARIABLE

The independent variable is the predictor variables in the regression equation (Janssens et al., 2008). There is only one independent variable in the process model, namely combined leader behavior. This independent variable comprises three elements, namely contingent reward, individualized consideration and group-oriented leader behaviors.

6.5.1. SURVEY QUESTIONS

In order to determine the survey questions for this independent variable, the thesis takes as reference the descriptions provided by literature and the "People and Leadership" section in the StatoilHydro book (StatoilHydro, 2007f, p. 16). Table 16 provides the survey questionnaires.

Table 16. GPS 2008 Questions for Independent Variable

1. **Interpersonal Leader Behavior**

	Survey Question	Literature Description	Description in the StatoilHydro Book
Q60	My immediate superior is clear about performance standards	**Contingent Reward** Both the standards for compliance and the features of ineffective performance are specified by leaders (Bass, 1990; Bass et al., 2003). Furthermore, rewards and recognition given to employees are contingent to their performance in completing roles and assignments (Podsakoff et al., 1982).	**Contingent Reward** • Ensuring that employees have a clear understanding of the requirements, and for verifying that they comply with these in their day-to-day work (p. 16). • Developing and communicating organization ambitions, and set clear and challenging targets (p. 19). • Being clear about performance standards and individual accountability (p. 19). • Making decisions based on organizational values, principles and policies (p. 29). • Being committed to agreed objectives, and striving to deliver beyond expectations (p. 17). • Being dedicated and taking full responsibility for decisions, actions and results (p. 17, 18). • Celebrating and rewarding initiative, good behavior and outstanding delivery (p. 20). • Dealing immediately with unacceptable behavior and delivery (p. 20).
Q58	My immediate superior (manager with personnel responsibility) cares about his/her employees.	**Individualized Consideration** Employees' individual need for achievement and growth are taken into consideration by leaders (Bass et al., 2003; Beugré et al., 2006). Leaders show respect and dignity to employees and play a mentoring role (Bass et al., 2003; Beugré	**Individualized Consideration** • Having a good and confidence-based relationship between the employees, their representatives and the firm (p. 16). • Respecting and motivating others, being a team player • and creating effective working relationships (p. 17).
Q59	My immediate superior is good at motivating his/her subordinates		
Q61	My immediate superior provides me with constructive feedback on my work		

Q62	My immediate superior creates favorable conditions for the development of each employee	et al., 2006).	• Taking on difficult conversations and making hard decisions (p. 19).
Q63	My immediate superior is available if I want to discuss aspects of my work situation.		• Distributing tasks and empowering, coaching and supporting people to ensure success and learning (p. 20).
Q65	My immediate superior keeps me sufficiently updated on activities and priorities in the company.		

2. Group-Oriented Leader Behavior

	Survey Question	Literature Description	Description in the StatoilHydro Book
Q64	Special care has been taken by my immediate superior to accomplish the People@StatoilHydro process with good quality.	A leader's group-oriented behavior may affect the extent to which employees identify themselves with the firm (Dutton et al., 1994).	• Incorporating and living organizational values in all work aspects (p. 17, 20). • Making decisions based on organizational values, principles and policies (p. 29).
Q66	My immediate superior takes the opportunities provided by the integration process to improve work methods and deliveries.	Leaders are willing to show employees new ways of looking at old problems and to teach them to view challenges as problems to be solved (Bass, 1990).	• Taking initiative and continuously look for ways to improve performance (p. 17). • Taking responsibility for own learning and development, continuously building new skills and share knowledge (p. 17). • Embracing change and challenges rather than avoiding them (p. 18). • Providing support, inspiring, and seeking assistance to master challenges (p. 19).

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6.5.2. INTERNAL CONSISTENCY RELIABILITY ANALYSIS

The preferable Cronbach's alpha value is a value larger than .80 (Janssens et al., 2008). The Cronbach's alpha value shown in Table 17 is larger than .80, meaning that there is a low likelihood for a random response pattern and that the survey data of the independent variable has a high reliability.

Table 17. Internal Consistency Reliability Analysis for Independent Variable

Reliability Statistics

Cronbach's Alpha	N of Items
.947	10

6.5.3. PEARSON'S CORRELATION

Since the independent variable consists of three elements, PC was conducted on questions pertaining to combined leader behavior in order to detect correlations among the three elements. The correlation analysis result in Table 18 displays correlations among all questions representing the three elements of combined leader behavior. The high degree correlation occurs because some of these independent variables may measure the same concepts or phenomena (Janssens et al., 2008). Therefore, the high correlation indicates that the majority of employees perceive that the questions concerning contingent rewards, individualized consideration, and group-oriented leader behaviors as similar. This implies that the more employees see the social processes of leadership displayed by their leaders, the more they perceive that the three types of leader behavior as related. When discussing StatoilHydro's merger performance in section 3.1.2., the thesis highlighted the fact that "the People@StatoilHydro process ensures alignment between business targets and individual targets" (StatoilHydro, 2007f, p. 28). In section 3.5.1., it was mentioned that when there is an alignment between individual and organizational, the elements of combined leader behavior may be perceived as alike by employees. This is because the seemingly different leader behaviors aim for the same purpose – the aligned individual and organizational goal.

It is important to note that that a high degree of correlations among the three elements of combined leader behavior should not be treated as multicollinearity problem, because the research purpose of this thesis is to predict the dependent variable from a set of independent variables (Janssens et al., 2008). Multicollinearity is a problem in the regression analysis only if the research purpose is to estimate the contributions of separate independent variables (Janssens et al., 2008).

Although the combined leader behavior as the independent variable consists of three elements, it is not the aim of this thesis to measure the contributions of each element in the regression analysis. Rather, the thesis wants to measure the contribution of those elements as a whole – the combined leader behavior. Accordingly, a mean value of questions listed in Table 16 was calculated to determine the independent variable.

Table 18. Pearson's Correlations Analysis for Independent Variable

Correlations

		CONTINGENT REWARD	INDIVIDUALIZED CONSIDERATION				GROUP-ORIENTED BEHAVIOR	
		Q60	Q61	Q62	Q63	Q65	Q64	Q66
Q60	Pearson Correlation	1	.680**	.639**	.501**	.591**	.561**	.629**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	12580	12494	12437	12531	12438	12097	10457
Q61	Pearson Correlation	.680**	1	.699**	.570**	.600**	.576**	.629**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	12494	12547	12415	12505	12418	12074	10441
Q62	Pearson Correlation	.639**	.699**	1	.596**	.623**	.622**	.663**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	12437	12415	12508	12471	12384	12066	10429
Q63	Pearson Correlation	.501**	.570**	.596**	1	.536**	.573**	.527**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	12531	12505	12471	12656	12484	12131	10474
Q65	Pearson Correlation	.591**	.600**	.623**	.536**	1	.570**	.716**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	12438	12418	12384	12484	12531	12065	10458
Q64	Pearson Correlation	.561**	.576**	.622**	.573**	.570**	1	.592**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	12097	12074	12066	12131	12065	12174	10261
Q66	Pearson Correlation	.629**	.629**	.663**	.527**	.716**	.592**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	10457	10441	10429	10474	10458	10261	10501

**. Correlation is significant at the 0.01 level (2-tailed).

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6.6. DEPENDENT VARIABLE

Merger performance is the dependent variable in the process model. The theory identifies two types of merger performance, namely best practice implementation (Papadakis, 2005) and employees' welfare during merger integration (Riad, 2007). The first merger performance concerns organizational interest, whilst the second one concerns employees' self-interest (Papadakis, 2005; Riad, 2007).

6.6.1. SURVEY QUESTIONS

The survey questions pertaining to merger performance are determined based on this literature finding. Table 19 outlines the survey questions.

Table 19. GPS 2008 Questions for Dependent Variable

	Survey Question	Literature Description
Q46	So far, I have experienced that I have been well taken care of in the integration process.	Best practice implementation (Papadakis, 2005)
Q47	In my department we have improved our work methods by using best practice from both merged companies (Hydro and Statoil).	Best practice implementation (Papadakis, 2005)
Q48	Within my discipline area, we have managed to use the best expertise from both companies.	Employees' welfare during merger integration (Riad, 2007)

6.6.2. INTERNAL CONSISTENCY RELIABILITY ANALYSIS

The internal consistency reliability analysis relies on the Cronbach's alpha value. The degree of consistency is considered high If the value larger than .80 (Janssens et al., 2008). Since the Cronbach's alpha value displayed in Table 20 is larger than .80, there is a low likelihood for a random response pattern. This also means that the survey data of the dependent variable has a high reliability.

Table 20. Internal Consistency Reliability Analysis for Dependent Variable

Reliability Statistics

Cronbach's Alpha	N of Items
.829	4

6.6.3. PEARSON'S CORRELATIONS

StatoilHydro utilizes the strategy of aligning individual and organizational goals in its merger integration process through the firm's performance assessment and reward system, as well as its organizational values (i.e., Courageous, Caring, Open, and Hands-on). People@StatoilHydro as the firm's performance assessment and reward system evaluates employees in terms of their behavior as well (StatoilHydro, 2007f). By doing so, StatoilHydro treats employees as a strategy owner (Buch & Wetzel, 2001; Langan-Fox & Tan, 1997) and encourages them internalize the firm's organizational values (StatoilHydro, 2007f). According to the literature, when the goals of organizational and individual are aligned, employees tend to identify themselves strongly with the firm, and therefore view the firm's interest as their self-interest (Bass & Avolio, 1993). The result of GPS 2008 pertaining to the current EOI level at StatoilHydro confirms this theory's argument. In earlier section 5.1., Figure 8 and 9 display that StatoilHydro's existing EOI has reached a high level in spite of the fact that the firm's integration process has taken place less than two years. Furthermore, according to Bass and Avolio (1993), the alignment of organizational and individual goals may cause employees to perceive these two goals as similar. The correlation analysis result illustrated in Table 20 indicates the high correlations among the three questions concerning organizational and individual merger performance. This implies that the majority of employees perceive the questions concerning organizational and individual interests as similar. Based on this find, the thesis determined the dependent variable by calculating the mean value of questions no. 46-48 listed in Table 19.

Table 21. Pearson's Correlations for Dependent Variable

		BEST PRACTICE IMPLEMENTATION		EMPLOYEES WELFARE IN INTEGRATION PROCESS
		Q47	Q48	Q46
Q47	Pearson Correlation	1	.814**	.554**
	Sig. (2-tailed)		0	0
	N	12507	11876	12116
Q48	Pearson Correlation	.814**	1	.556**
	Sig. (2-tailed)	0		0
	N	11876	12258	11870
Q46	Pearson Correlation	.554**	.556**	1
	Sig. (2-tailed)	0	0	
	N	12116	11870	13934

**. Correlation is significant at the 0.01 level (2-tailed).

6.7. CONTROL VARIABLE

From GPS 2008 demographic data, seven control variables were chosen (Table 21), namely gender, age, length of employment, supervisory function ownership, management level of supervisory function, as well as organizational structure (business area and other department).

Table 22: GPS 2008 Demographic Question for Control Variable

Q100	**Gender**		
	Male	Female	
Q101	**Age**		
	Below 25 years	36-45 years	58 years and above
	25-35 years	46-57 years	
Q102	**How long have you been employed by StatoilHydro inclusive former Statoil or former Hydro?**		
	Less than 3 years	3-10 years	More than 10 years
Q105	**Which company did you work for before the merger?**		
	Hydro	Statoil	Employed after the merge
Q103	**Do you have a supervisory function?**		
	Yes	No	
Q104	**If you have a supervisory function, which management level do you report to?**		
	Department manager or similar	Head of corporate staff	
	Sector manager or similar	Head of business area	
	Head of business unit or similar	CFO or head of CSO	
	Head of business cluster	CEO	
Q106	**Business Area**		
	Manufacturing and Marketing (M&M)	Technology and New Energy (TNE)	
	Exploration and Production Norway (EPN)	International Exploration and Production (INT)	
	Natural Gas (NG)	Projects (PRO)	
	Other Department		
	Global Business Services (GBS)	CFO/COA	CSO

CHAPTER 7
Analysis Tool & Result

Contextual leadership suggests that leadership and its effectiveness are strongly dependent on the context (e.g., Avolio, 2007; Lord et al., 1999; Lord et al., 2001; Osborn et al., 2002; Shamir et al., 1998; van Knippenberg & Hogg, 2003; van Knippenberg et al., 2004). Aligned with the concept of contextual leadership, the social identity theory further contends that leadership effectiveness is generated with a match between employees' identity level and leadership activities (Lord et al., 1999; Shamir et al., 1993).

The GPS 2008 result reveals a high level of EOI in early merger integration at StatoilHydro. Considering the complex and lengthy process of acculturation, this condition is not usually found in most merger integration. Several possible reasons that might have contributed to such high EOI level have been discussed in the beginning of the Analysis chapter. In this chapter, the impact of this uncommon EOI level on StatoilHydro leadership effectiveness will be analyzed. Revisiting the research question, the thesis aims to answer the following question through an empirical analysis on GPS 2008 data that will be presented in this section.

> *"How does the level of employees' organizational identification (EOI)*
> *at StatoilHydro early merger integration influence*
> *the effectiveness of current leader behaviors in yielding merger performance?"*

7.1. PROCESS MODEL & HYPOTHESES

Figure 11. Process Model
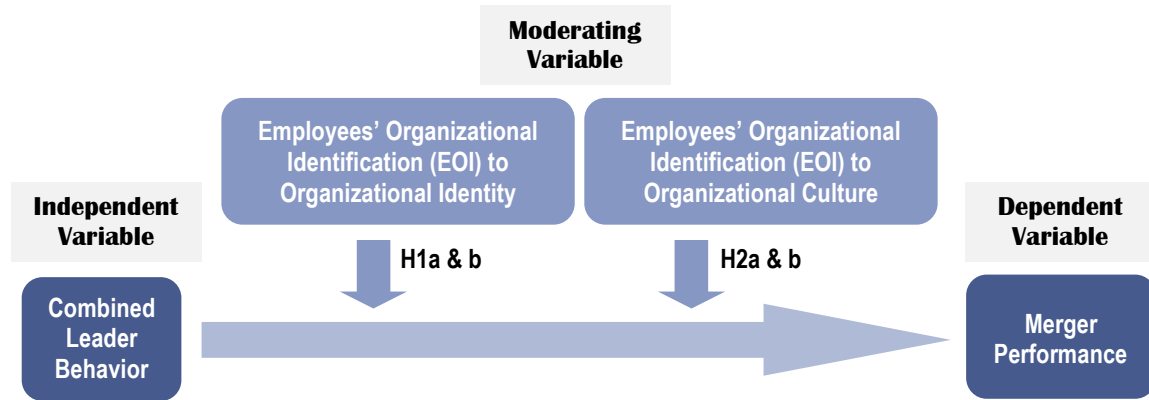
As illustrated in the Process Model (Figure 11), the analysis focus lies on the moderating impact of EOI level on the associations between combined leader behavior and merger performance. In view of that, the following hypotheses need to be tested through a series of regression analyses:

H1a: A *high* level of EOI to organizational identity enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H1b: A *low* level of EOI to organizational identity does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

H2a: A *high* level of EOI to organizational culture enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H2b: A *low* level of EOI to organizational culture does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

Prior to the regression analysis, a dummy variable for each control variable was created. In section 7.1.2., an overview of indicators used to represent the moderating, independent, and dependent variables is presented. In section 7.1.3., the methodology will be described.

7.1.1. DUMMY VARIABLE FOR CONTROL VARIABLE

For regression analysis purpose, dummy variables were created for control variables. Dummy variables are a way of adding the values of a nominal or ordinal variable to a regression equation (Janssens et al., 2008). The standard coding for dummy variable is 0 or 1 (Janssens et al., 2008). Accordingly, all control variables listed in Table 22 are coded 1. It is worthy of note that since employees who participated in GPS 2008 are divided based on whether the individual has a supervisory position or not, the thesis assigned a label to those with supervisory position as "employees with supervisory position," and to those without supervisory position as "pure employees."

Table 23. Control Variable

LABEL	INTERPRETATION	LABEL	INTERPRETATION
Sex_F	Employee's gender is female	Supervisor_Y	Employee with supervisory position
Age_25_to_35_yrs	Employee's age is within the range of 25 to 35 yrs old	Supervisor_Y_ Dept_Manager	Department manager or similar is the management level that the employee with supervisory position reports to
Employed_ 3_to_10_yrs	Employee who worked 3 to 10 years at StatoilHydro, inclusive the former firms (Statoil or Hydro)	BusArea_MM	Employee who worked at Manufacturing & Marketing business area
Work_Statoil_ Bfr_Merger	Employee who worked at Statoil before the merger		

7.1.2. SUMMARY OF VARIABLE INDICATORS

With respect to the survey question selections in the earlier section 6.4. until 6.7. for the moderating, independent and dependent variables, an overview of indicators used to represent each variable is presented in Table 23.

Table 24. Indicators for Moderating, Independent and Dependent Variables

VARIABLE	INTERPRETATION	INDICATOR
Moderating Variable	1) EOI to Organizational Identity 2) EOI to Organizational Culture	1) Question no. 45 (In my department we do not have any "those from Hydro - those from Statoil" attitude after the merger). 2) Mean value of questions no. 4, 7, 12, 16-24, 26-33, and 35-38.
Independent Variable	Combined Leader Behavior	Mean value of questions no. 58-66
Dependent Variable	Merger Performance	Mean value of questions no. 46-48

7.1.3. METHODOLOGY DESCRIPTION

By taking into account the interaction or the moderating effect, the thesis performed a range of rigorous regression analyses to test the hypotheses, namely:

(1) Moderated Multiple Regression analysis (MMR)

(2) Split sample multiple regression analysis

(3) Upper and lower quadrant multiple regression analysis

The three methods of regression analyses and their results will be introduced in the next three sections. In section 7.5., the results will be compared in order to provide a final conclusion concerning the hypotheses.

7.2. MODERATED MULTIPLE REGRESSION

GPS 2008 is designed based on scale 1-7 (Table 24). Considering that scale 7 refers to "not relevant," the thesis decided to exclude it from the analysis. Since the predictors (i.e., moderating and independent variables) in the process model all use the scale ranging from "strongly disagree" to "strongly agree" as their values, they are referred to as a continuous variable. Continuous variable contains a range of scale (Aguinis, 2004; Cohen et al., 2002).

Table 25. Scale Interpretation of Global People Survey 2008

SCALE	INTERPRETATION	SCALE	INTERPRETATION
1	Strongly disagree	4	Slightly agree
2	Disagree	5	Agree
3	Slightly disagree	6	Strongly agree
		7	Not relevant

An interaction among continuous predictors produces an effect on the dependent variable that is different from the total effect of the individual predictors (i.e., independent and moderating variables) (Aguinis, 2004; Cohen et al., 2002). When the moderating and independent variables in regression analysis interact with one another, the regression of dependent variable on one of those predictors is contingent on the value of the other predictor (Aguinis, 2004; Cohen et al., 2002). In other words, there is a synergistic interaction between the moderating and independent variables. Moderated multiple regression (MMR) is the most common statistical technique for investigating this interaction or the moderating effect (Aguinis, 2004; Cohen et al., 2002). However, the result of MMR can only display the existence of moderating effect and does not differentiate between the moderating effect of low EOI level and that of high EOI level.

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7.2.1. PRELIMINARY STEP

Prior to conducting MMR, there are two preliminary steps to be performed:

CENTERING THE INDEPENDENT AND MODERATING VARIABLES

To begin with, the thesis calculated the mean value of the predictors (Table 25). Next, the thesis created a new variable for the centered values of the independent variable and of the moderating variables (Aguinis, 2004; Cohen et al., 2002). The centered value is calculated by subtracting the mean value from all of the values of the predictors (Aguinis, 2004; Cohen et al., 2002).

Table 26. Mean Value of Independent Variable & Moderating Variables

VARIABLE	MEAN VALUE
Combined Leader Behavior	3.83
EOI to Organizational Identity	3.83
EOI to Organizational Culture	4.6745

CALCULATING THE MODERATING EFFECT

To quantify the effect of a moderating variable in the MMR, the thesis first calculated the interaction between independent variable and each of the proposed moderating variables (i.e., EOI to StatoilHydro organizational identity and EOI to the firm's organizational culture). For that reason, the thesis created a new variable for the moderating effect. The new variable contains the multiplied value of the centered independent variable and the centered moderating variable. The formula is presented in Equation 1.

Equation 1. Moderating Effect

$$x_1 x_2 = x_1 \times x_2$$

$x_1 x_2$ = Moderating Effect

x_1 = Centered Independent Variable

x_2 = Centered Moderating Variable

7.2.2. REGRESSION MODEL

MMR model is presented in Equation 2. MMR model includes not only the quantification of the additive effect, but also that of the moderating effect. This additive effect refers to the sum of the effects of the individual predictors (i.e., independent and the moderating variables) (Aguinis, 2004; Cohen et al., 2002), and is represented by $x_1 + x_2$ .The moderating effect is the multiplied value of the independent and the moderating variables, and is represented by $x_1 \times x_2$. Because the moderating effect is included into the equation, it is not necessary to split the sample into low level vs. high level of EOI. The underlying assumption is that when there is an interaction between the predictors, the Coefficients table will show a significant coefficients value of the moderating effect (p-value < .05), and a positive R Square Change value will be displayed in the model summary.

Equation 2. Moderated Multiple Regression Model

$$Y = b_0 + b_1 x_1 + b_2 x_2 + b_3 (x_1 x_2) + \varepsilon$$

Y = Dependent Variable

x_1 = Centered Independent Variable

x_2 = Centered Moderating Variable

$x_1 x_2$ = Moderating Effect

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

7.2.3. VARIABLE LABEL

The labels for the moderating effects and for other variables that will be used in MMR are listed in Table 25.

Table 27. Label of the Moderated Multiple Regression Analysis

VARIABLE	LABEL	
Dependent Variable	Merger_Performance	
Independent Variable	Centered_Combined_Leader_Behavior	
Moderating Variable 1	Centered_EOI_Org_Identity	
Moderating Variable 2	Centered_EOI_Org_Culture	
Moderating Effect 1	Centered_EOI_Org_Identity_x_Centered_Combined_Leader_Behavior	
Moderating Effect 2	Centered_EOI_Org_Culture_x_Centered_Combined_Leader_Behavior	
Control Variables	Sex_F	Employee's gender is female
	Age_25_to_35_yrs	Employee's age is within the range of 25 to 35 yrs old
	Employed_3_to_10_yrs	Employee who worked 3 to 10 years at StatoilHydro, inclusivethe former firms (Statoil or Hydro)
	Work_Statoil_Bfr_Merger	Employee who worked at Statoil before the merger
	Supervisor_Y	Employee with supervisory position
	Supervisor_Y_Dept_Manager	Employee's supervisory position is in the level of department manager
	BusArea_MM	Employee who worked at Manufacturing & Marketing business area

7.2.4. ANALYSIS RESULT

The MMR analysis results are presented in this section. There are two analysis results; each is presented corresponding to the impact of one moderating variable. Analysis result 1 is related to the moderating impact of the first moderator (i.e., EOI to organizational identity), and analysis result 2 concerns the moderating impact of the second moderator (i.e., EOI to organizational culture).

7.2.4.1. ANALYSIS RESULT 1
EOI TO ORGANIZATIONAL IDENTITY

Normality Test

Before examining the regression analysis results, the histogram and normal P-P plot of normality tests were examined. The first test is the normal distribution test, which measures a continuous probability distribution describing data that clusters around a mean value (Janssens et al., 2008). Figure 12 displays normal distribution of the data because the pattern matches with the typical pattern of normal distribution represented by the bell-shape line.

Figure 12. Histogram of Moderated Multiple Regression Analysis Result 1

Dependent Variable: Merger_Performance

Mean =1.40E-14
Std. Dev. =0.998
N =2,288
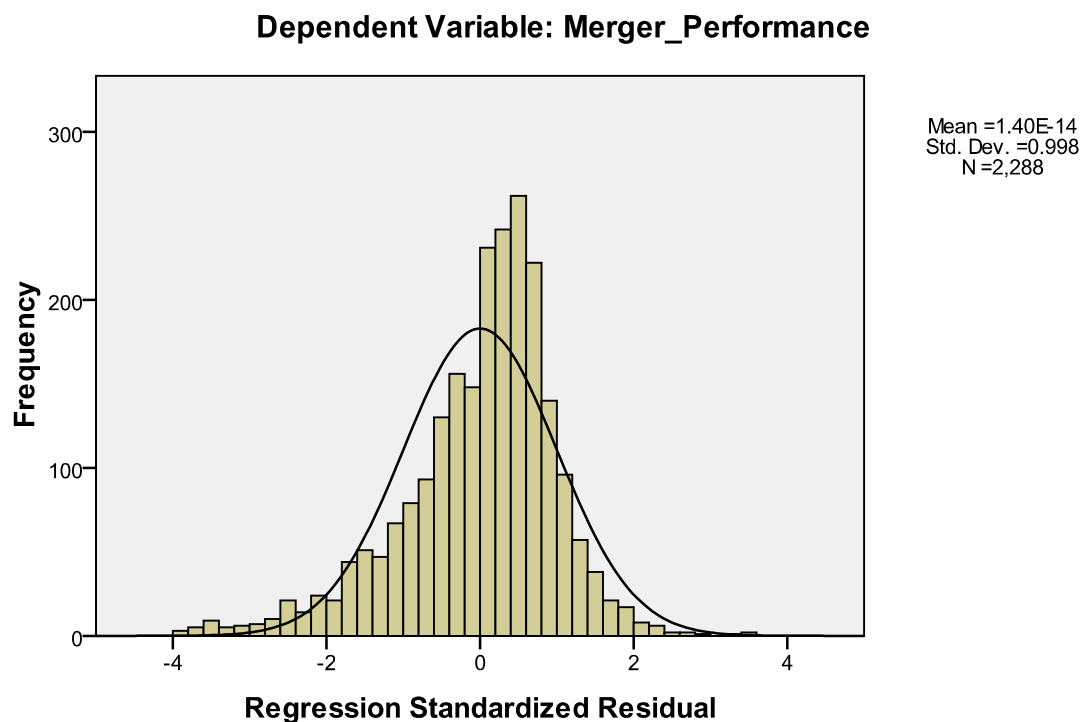
The normality assumption can also be verified by examining the Normal P-P Plot. The Normal P-P Plot plots the cumulative proportions of standardized residuals against the cumulative proportions of the normal distribution (Janssens et al., 2008). When the points of the plot cluster around a 45 degree straight line, then the normality assumption is not violated (Janssens et al., 2008). In other words, a close fit between the line of the Normal P-P Plot and the 45 degree line is necessary to guarantee normality (Janssens et al., 2008). The Normal P-P Plot shown by Figure 13 supports the normality assumption, because the pattern is close enough to the 45 degree line.

Figure 13. Normal P-P Plot of Regression Standardized Residual of Moderated Multiple Regression Analysis Result 1

Dependent Variable: Merger_Performance
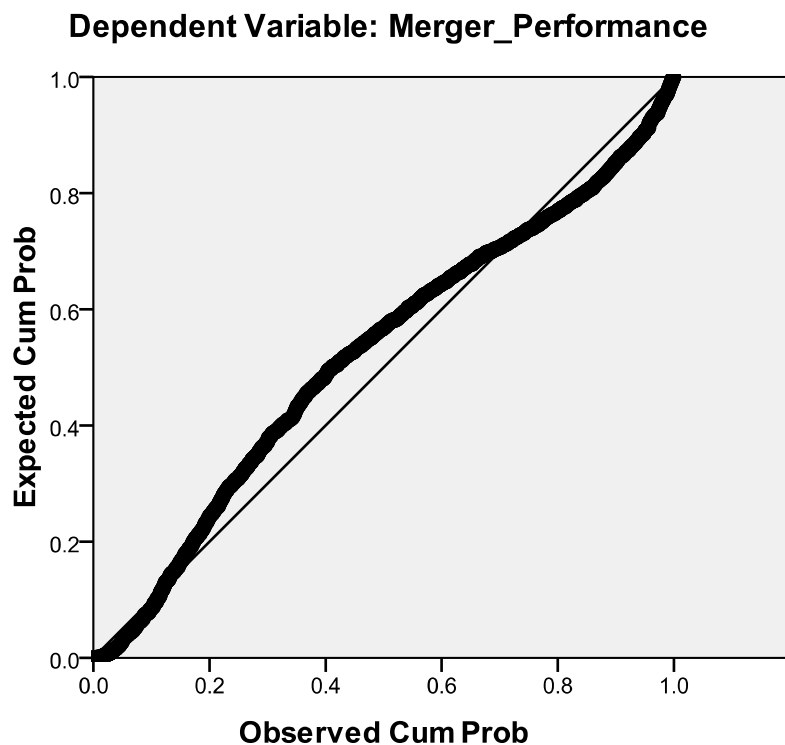
ANOVA

Analysis of Variance (ANOVA) provides information about levels of variability within a regression model and forms a basis for tests of significance (Janssens et al., 2008). The p-values (Sig.) of the three models in the ANOVA table (Table 26) are less than .05. This means that these models are meaningful and that there is a good fit between the models and the data (Janssens et al., 2008). As the ANOVA results are significant, further investigation on the Coefficients table and model summary may proceed.

Table 28. ANOVA Table of Moderated Multiple Regression Analysis Result 1

ANOVA[d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1772.014	6	295.336	106.245	.000[a]
	Residual	6340.653	2281	2.780		
	Total	8112.668	2287			
2	Regression	4233.186	8	529.148	310.848	.000[b]
	Residual	3879.482	2279	1.702		
	Total	8112.668	2287			
3	Regression	4236.696	9	470.744	276.667	.000[c]
	Residual	3875.972	2278	1.701		
	Total	8112.668	2287			

a. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Centered_Combined_Leader_Behavior, Centered_EOI_Org_Identity

c. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Centered_Combined_Leader_Behavior, Centered_EOI_Org_Identity, Centered_EOI_Org_Identity_x_Centered_Combined_Leader_Behavior

d. Dependent Variable: Merger_Performance

Regression Coefficients

The coefficient values are shown in the Coefficients table (Janssens et al., 2008). From the Coefficient table below, the thesis examines the values in model 3 in order to detect the moderating effect. The moderating effect is represented by:

"Centered_EOI_OI_x_Centered_Combined_Leader_Behavior"

Model 3 shows that the p-values (Sig.) of the moderating effect variable is .151. Because it is bigger than .05, this means that the moderating effect does not exist.

In the model 3, there are three control variables that are not significant, because their p-values (Sig.) are bigger than .05. Accordingly, these variables along with the moderating effect variable were deleted from the model.

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Table 29. Regression Coefficients 1 of Moderated Multiple Regression Analysis Result 1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.481	.081		55.431	.000
	Sex_F	-.137	.080	-.032	-1.706	.088
	Age_25_to_35_yrs	-.233	.113	-.040	-2.055	.040
	Employed_3_to_10_yrs	-.044	.091	-.009	-.482	.629
	Work_Statoil_Bfr_Merger	-.333	.085	-.074	-3.933	.000
	Supervisor_Y_Dept_Manager	-.675	.075	-.170	-9.041	.000
	BusArea_MM	-1.751	.085	-.393	-20.679	.000
2	(Constant)	3.902	.065		59.887	.000
	Sex_F	-.022	.063	-.005	-.347	.728
	Age_25_to_35_yrs	-.064	.089	-.011	-.717	.473
	Employed_3_to_10_yrs	-.022	.072	-.005	-.303	.762
	Work_Statoil_Bfr_Merger	-.256	.066	-.057	-3.859	.000
	Supervisor_Y_Dept_Manager	-.363	.059	-.091	-6.146	.000
	BusArea_MM	-1.004	.070	-.225	-14.400	.000
	Centered_EOI_Org_Identity	.458	.014	.512	31.945	.000
	Centered_Combined_Leader_ Behavior	.408	.033	.188	12.516	.000
3	(Constant)	3.892	.066		59.374	.000
	Sex_F	-.024	.063	-.006	-.383	.702
	Age_25_to_35_yrs	-.064	.089	-.011	-.723	.470
	Employed_3_to_10_yrs	-.024	.072	-.005	-.336	.737
	Work_Statoil_Bfr_Merger	-.254	.066	-.056	-3.825	.000
	Supervisor_Y_Dept_Manager	-.363	.059	-.091	-6.150	.000
	BusArea_MM	-1.006	.070	-.226	-14.434	.000
	Centered_EOI_Org_Identity	.455	.014	.509	31.564	.000
	Centered_Combined_Leader_ Behavior	.414	.033	.191	12.599	.000

	Centered_EOI_Org_Identity_x_ Centered_Combined_Leader_ Behavior	.019	.014	.021	1.436	.151

a. Dependent Variable: Merger_Performance

After the deletion, MMR analysis was rerun. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05. The moderator (Centered_EOI_OI) and the independent variable (Centered_Combined_Leader_Behavior) are both significant. Accordingly, it can be concluded that the relationship between them is additive instead of synergetic. The additive effect is defined as the sum of the effects of the independent and the moderating variables (Cohen et al., 2002).

Table 30. Regression Coefficients 2 of Moderated Multiple Regression Analysis Result 1

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.408	.077		57.138	.000
	Work_Statoil_Bfr_Merger	-.309	.084	-.069	-3.690	.000
	Supervisor_Y_Dept_Manager	-.700	.073	-.176	-9.543	.000
	BusArea_MM	-1.773	.083	-.398	-21.261	.000
2	(Constant)	3.889	.062		62.859	.000
	Work_Statoil_Bfr_Merger	-.250	.065	-.056	-3.820	.000
	Supervisor_Y_Dept_Manager	-.367	.058	-.093	-6.341	.000
	BusArea_MM	-1.009	.069	-.226	-14.702	.000
	Centered_EOI_Org_Identity	.460	.014	.515	32.518	.000
	Centered_Combined_Leader _Behavior	.395	.032	.184	12.333	.000

a. Dependent Variable: Merger_Performance

On the basis of the model 2 in the second Coefficients table (Table 28), the MMR regression model is completed as follows:

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Equation 3. Moderated Multiple Regression Model based on Regression Coefficients 2 of Analysis Result 1

$$Y = 3.889 - .250m_1 - .367m_2 - 1.009m_3 + .395x_1 + .460x_2 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Work_Statoil_Bfr_Merger)

m_2 = Control Variable 2 (Supervisor_Y_Dept_Manager)

m_3 = Control Variable 3 (BusArea_MM)

x_1 = Centered Independent Variable (Centered_Combined_Leader_Behavior)

x_2 = Centered Moderating Variable (Centered_EOI_Org_Identity)

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

From this equation, the additive effect between the moderator (EOI to Organizational Identity) and the independent variable (Combined Leader Behavior) can be quantified as $.395x_1 + .460x_2$ in relation to their contribution to the dependent variable (Merger_Performance). This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .395 units, and an increase in "EOI to organizational identity" with one unit leads to an increase in the "Merger Performance" with .460 units. Together, an increase in the independent and the moderating variables with one unit contributes an increase in the "Merger Performance" with .855 units.

The equation also shows the variation of employees' perception of merger performance:

(1) "Merger Performance" score for employees working at Statoil before the merger (Work_Statoil_Bfr_Merger) is a mean of .250 points lower than the mean values of new-comers and of employees working at Hydro before the merger. This means that employees who came from Statoil perceive less positively than new-comers and employees who worked at Hydro before the merger regarding StatoilHydro merger performance.

(2) "Merger Performance" score for department managers (Supervisor_Y_Dept_Manager) is a mean of .367 points lower than the mean values of other kinds of supervisors. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

(3) Finally, "Merger Performance" score for employees working at Manufacturing & Marketing business area (BusArea_MM) is a mean of 1.009 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

Table 31. Model Summary of Moderated Multiple Regression Analysis Result 1

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
					Change Statistics				
1	.463[a]	.214	.213	1.66552	.214	210.947	3	2318	.000
2	.722[b]	.522	.521	1.30036	.307	743.330	2	2316	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Centered_Combined_Leader_Behavior, Centered_EOI_Org_Identity

c. Dependent Variable: Merger_Performance

The model summary table provides information about the ability of regression line to account for the total variation in the dependent variable (Janssens et al., 2008). The Adjusted R Square value in the model summary (Table 29) indicates that model 2, which contains the additive effect of "Combined Leader Behavior" and "EOI to Organizational Identity" explains 52.1% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 30.7% from model 1 to model 2 after "Combined Leader Behavior" and "EOI to Organizational Identity" have been added into the model. This increase value signifies a relatively strong additive effect of these variables, meaning that the summation of combined leader behavior and EOI to organizational identity as the leadership context contributes significantly to StaoilHydro's merger performance.

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Conclusion of Analysis Result 1

There is no moderating effect of EOI to organizational culture as leadership context on the effectiveness of combined leader behavior in yielding merger performance, because the coefficients value of the moderating effect variable (Centered_EOI_Org_Identity_x_Centered_Combined_Leader_Behavior) is not significant. Accordingly, the following hypotheses are rejected.

H1a: A high level of EOI to organizational identity enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H1b: A low level of EOI to organizational identity does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

It is worthy of note that there is an additive effect between "Combined Leader Behavior" and "EOI to Organizational Identity." This additive effect is confirmed by their significant coefficients values and by an increase of 30.7% in the Adjusted R Square value of model 1 and that of model 2 after they have been added into the model. This means that combined leader behavior and EOI to organizational identity contributes individually to the merger performance, and that the summation of their contributions is significant to the realization of merger performance.

Finally, the analysis result shows that employees who worked at Statoil before the merger and are located at Manufacturing & Marketing business area, as well as department managers, have a more negative perception concerning current StatoilHydro's merger performance, compared to other employees.

7.2.4.2. ANALYSIS RESULT 2
EOI TO ORGANIZATIONAL CULTURE

Normality Test

The histogram shown in Figure 14 displays a left-skewed distribution, because the residual is skewed towards the left side. The Normal P-P Plot displayed in Figure 15 supports the histogram result, because the pattern is not well-aligned to the 45 degree line.

Figure 14. Histogram of Moderated Multiple Regression Analysis Result 2

Dependent Variable: Merger_Performance

Mean =2.62E-15
Std. Dev. =0.998
N =2,288
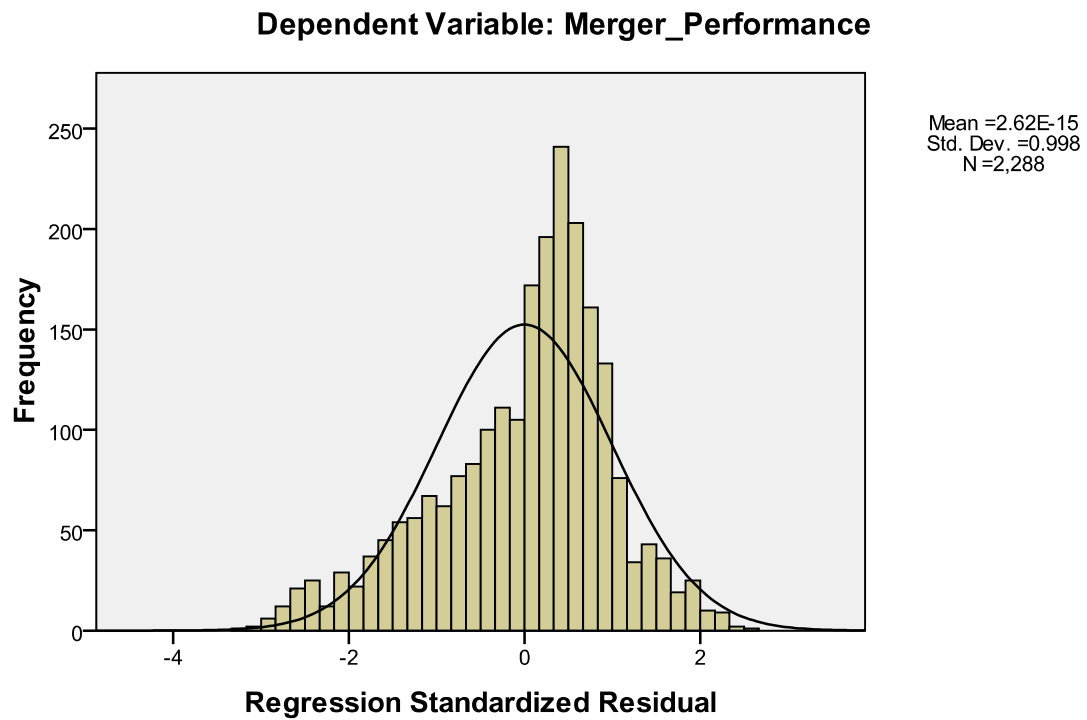
Figure 15. Normal P-P Plot of Regression Standardized Residual of Moderated Multiple Regression Analysis Result 2
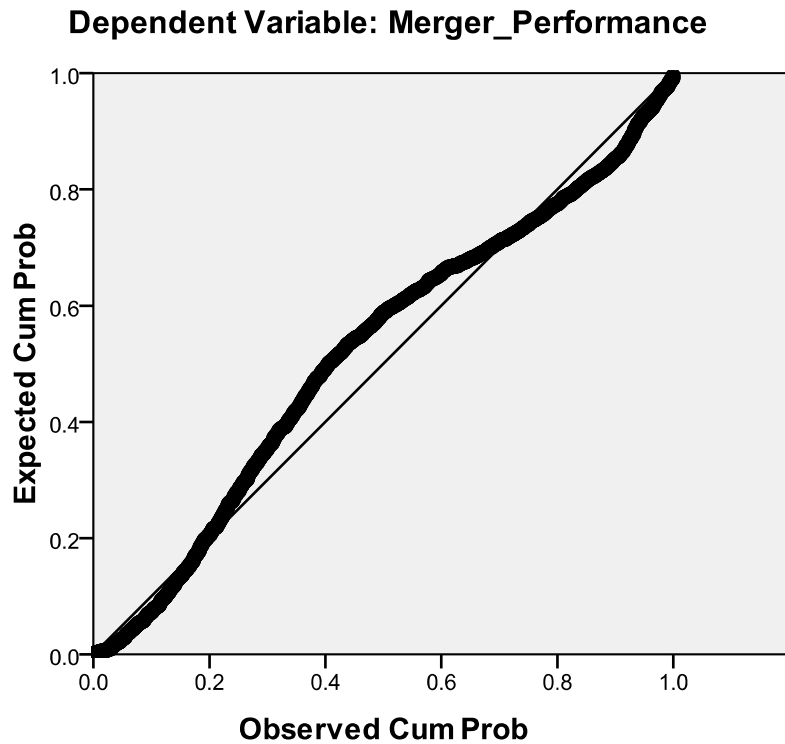
ANOVA

The ANOVA table (Table 30) shows that all p-values (Sig.) in the three models are less than .05. Thus, it can be concluded that these models are meaningful and that there is a good fit between the models and the data (Janssens et al., 2008). The significant ANOVA results prompts a further investigation on the MMR coefficients table and model summary.

Table 32. ANOVA Table of Moderated Multiple Regression Analysis Result 2

ANOVA[d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1772.014	6	295.336	106.245	.000[a]
	Residual	6340.653	2281	2.780		
	Total	8112.668	2287			
2	Regression	2498.599	8	312.325	126.787	.000[b]
	Residual	5614.069	2279	2.463		
	Total	8112.668	2287			
3	Regression	2500.150	9	277.794	112.751	.000[c]

Residual	5612.517	2278	2.464		
Total	8112.668	2287			

a. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Centered_Combined_Leader_Behavior, Centered_EOI_Org_Culture

c. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Centered_Combined_Leader_Behavior, Centered_EOI_Org_Culture, Centered_EOI_Org_Culture_x_Centered_Combined_Leader_Behavior

d. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 3 in order to determine the existence of the moderating effect. The moderating effect is represented by:

"Centered_EOI_Org_Culture_x_Centered_Combined_Leader_Behavior"

Model 3 shows that the p-values (Sig.) of the moderating effect variable is .428. Because it is bigger than .05, this means that the moderating effect does not exist.

The additive effect does not exist either, because the moderating variable (Centered_EOI_Org_Culture) has a p-value (Sig.) of .231, which is bigger than .05. Furthermore, model 3 shows two insignificant control variables with p-values (Sig.) bigger than .05. All insignificant variables were deleted from the model.

Table 33. Regression Coefficients 2 of Moderated Multiple Regression Analysis Result 2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.481	.081		55.431	.000
	Sex_F	-.137	.080	-.032	-1.706	.088
	Age_25_to_35_yrs	-.233	.113	-.040	-2.055	.040
	Employed_3_to_10_yrs	-.044	.091	-.009	-.482	.629
	Work_Statoil_Bfr_Merger	-.333	.085	-.074	-3.933	.000

	Supervisor_Y_Dept_Manager	-.675	.075	-.170	-9.041	.000
	BusArea_MM	-1.751	.085	-.393	-20.679	.000
2	(Constant)	4.231	.079		53.531	.000
	Sex_F	-.143	.075	-.033	-1.896	.058
	Age_25_to_35_yrs	-.212	.107	-.036	-1.989	.047
	Employed_3_to_10_yrs	-.091	.086	-.019	-1.059	.290
	Work_Statoil_Bfr_Merger	-.256	.080	-.057	-3.203	.001
	Supervisor_Y_Dept_Manager	-.589	.071	-.148	-8.327	.000
	BusArea_MM	-1.697	.080	-.381	-21.162	.000
	Centered_EOI_Org_Culture	.072	.071	.022	1.015	.310
	Centered_Combined_Leader _Behavior	.625	.047	.287	13.222	.000
3	(Constant)	4.217	.081		52.075	.000
	Sex_F	-.143	.075	-.033	-1.894	.058
	Age_25_to_35_yrs	-.215	.107	-.037	-2.012	.044
	Employed_3_to_10_yrs	-.092	.086	-.019	-1.069	.285
	Work_Statoil_Bfr_Merger	-.255	.080	-.057	-3.191	.001
	Supervisor_Y_Dept_Manager	-.587	.071	-.148	-8.308	.000
	BusArea_MM	-1.697	.080	-.381	-21.162	.000
	Centered_EOI_Org_Culture	.089	.074	.027	1.199	.231
	Centered_Combined_Leader _Behavior	.620	.048	.285	13.018	.000
	Centered_EOI_Org_Culture_ x_Centered_Combined_Lead er_Behavior	.025	.032	.014	.794	.428

a. Dependent Variable: Merger_Performance

After the deletion, the thesis reran the MMR analysis. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 34. Regression Coefficients 2 of Moderated Multiple Regression Analysis Result 2

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.428	.078		57.124	.000
	Age_25_to_35_yrs	-.278	.109	-.048	-2.554	.011
	Work_Statoil_Bfr_Merger	-.313	.084	-.070	-3.737	.000
	Supervisor_Y_Dept_Manager	-.673	.074	-.170	-9.089	.000
	BusArea_MM	-1.745	.084	-.392	-20.762	.000
2	(Constant)	4.200	.074		56.592	.000
	Age_25_to_35_yrs	-.261	.102	-.045	-2.552	.011
	Work_Statoil_Bfr_Merger	-.251	.079	-.056	-3.179	.001
	Supervisor_Y_Dept_Manager	-.596	.070	-.150	-8.515	.000
	BusArea_MM	-1.681	.079	-.377	-21.206	.000
	Centered_Combined_Leader _Behavior	.644	.038	.299	17.146	.000

a. Dependent Variable: Merger_Performance

On the basis of the second Coefficients table (Table 32), the MMR model may be filled in as follows:

Equation 4. Moderated Multiple Regression Model

$$Y = 4.200 - .261m_1 - .251m_2 - .596m_3 - 1.681m_4 + .644x_1 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Age_25_to_35_yrs)

m_2 = Control Variable 2 (Work_Statoil_Bfr_Merger)

m_3 = Control Variable 3 (Supervisor_Y_Dept_Manager)

m_4 = Control Variable 4 (BusArea_MM)

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x_1 = Centered Independent Variable (Centered_Combined_Leader_Behavior)

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

From this equation, the contribution of the independent variable (Combined Leader Behavior) to the dependent variable (Merger Performance) can be quantified as $.644x_1$. This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .644 units.

The equation also shows the variation of employees' perception of merger performance:

(1) "Merger Performance" score for employees within the age range of 25 to 35 years old (Age_25_to_35_yrs) is a mean of .261 points lower than the mean values of employees within other age range. This means that employees, whose age is within 25 to 35 years old, perceive less positively than employees with other age range.

(2) "Merger Performance" score for employees working at Statoil before the merger (Work_Statoil_Bfr_Merger) is a mean of .251 points lower than the mean values of new-comers and of employees working at Hydro before the merger. This means that employees who came from Statoil perceive less positively than new-comers and employees who worked at Hydro before the merger regarding StatoilHydro merger performance.

(3) "Merger Performance" score for department managers (Supervisor_Y_Dept_Manager) is a mean of .596 points lower than the mean values of other types of supervisor. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

(4) Finally, "Merger Performance" score for employees working at business area Manufacturing & Marketing (BusArea_MM) is a mean of 1.681 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 33) indicates that model 2, which contains the independent variable (Combined Leader Behavior) explains 30.3% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 8.8% from model 1 to model 2 after "Combined Leader Behavior" has been added into the model. This increase value indicates that combined leader behavior only contributes slightly to merger performance.

Table 35. Model Summary of Moderated Multiple Regression Analysis Result 2

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.465[a]	.217	.215	1.66481	.217	159.833	4	2313	.000
2	.552[b]	.305	.303	1.56844	.088	293.992	1	2312	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Centered_Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

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Conclusion of Analysis 2

EOI to organizational culture as leadership context does not enhance the effectiveness of combined leader behavior in yielding merger performance, because the coefficients value of the moderating effect variable (Centered_EOI_Org_Culture_x_Centered_Combined_Leader_Behavior) is not significant. Accordingly, the following hypotheses are rejected.

H2a: A high level of EOI to organizational culture enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H2b: A low level of EOI to organizational culture does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

Furthermore, combined leader behavior only contributes slightly to the merger performance, as the slight 8.8% increase in the R Square Change value indicates. Finally, the analysis result shows that employees with age range between 25 to 35 years old, who worked at Statoil before the merger and are located at Manufacturing & Marketing business area, as well as department managers, have a more negative perception concerning current StatoilHydro's merger performance, compared to other employees.

7.3. SPLIT SAMPLE
MULTIPLE REGRESSION ANALYSIS

The split sample multiple regression analysis identifies the moderating effect by comparing the difference between the sum of the significant coefficients values of the predictors (i.e., moderating variable and independent variable) in two samples (Cohen et al., 2002). The sum of the effects of the individual predictors is referred to as the additive effect (Cohen et al., 2002).

Before split sample multiple regression analysis is conducted, the sample should be first divided into two based on a certain criteria. After the split, each sample should only contain one type of moderating variable, either low or high level of moderator (i.e., EOI). Accordingly, the sample serves as a control element in the split sample multiple regression analysis (Cohen et al., 2002). The regression analysis is then performed in each sample. If the sum of the significant coefficients values of the predictors in one sample is bigger than the sum in the other sample, this means that the moderating effect exists. In other words, an interaction effect takes place when the additive effect in one sample is bigger than the additive effect in the other sample. With this type of regression analysis, it is possible to identify whether the moderating effect takes place in the low level or in the high level of EOI.

7.3.1. PRELIMINARY STEP

The social identity theory differentiates between low level and high level of EOI (Lord et al., 1999; van Knippenberg & Hogg, 2003). For that reason, the thesis divided the sample based on the low level vs. high level of moderating variable. The categorization is based on the scale 1-6 used in GPS 2008 (Table 34). This method of categorizing is proper because the scale 1-3 refers to "disagreement," and scale 4-6 refers to "agreement." With respect to the fact that the second moderating variable (i.e., EOI to organizational culture) was determined by a mean value, the low level vs. high level of moderator (i.e., EOI) was categorized using the standard in Table 35.

Table 36. Scale Interpretation of Global People Survey 2008

SCALE	INTERPRETATION	SCALE	INTERPRETATION
1	Strongly disagree	4	Slightly agree
2	Disagree	5	Agree
3	Slightly disagree	6	Strongly agree
		7	Not relevant

Table 37. Low vs. High Level Moderator Groups

SCALE / MEAN VALUE (x)	MODERATOR LEVEL
$0 < x < 3.5$	Low
$3.5 \leq x \leq 6$	High

There are two moderating variables in the analysis, accordingly, the thesis created four samples in total based on:

(1) *Low* level of EOI to Organizational Identity
(2) *High* level of EOI to Organizational Identity
(3) *Low* level of EOI to Organizational Culture
(4) *High* level of EOI to Organizational Culture

7.3.2. REGRESSION MODEL

After the sample has been split up, each sample only contains either low or high level of moderating variable (i.e., EOI). Accordingly, the sample serves as a control element in the split sample multiple regression analysis (Cohen et al., 2002). MMR model is not used in this type of regression analysis, because the moderating effect may be simply detected by comparing the difference between the sum of the significant coefficient values of the predictors in two samples (Cohen et al., 2002). The additive multiple regression model is applied instead, so that the individual contribution of the moderating and the independent variables may be identified (Cohen et al., 2002). This additive effect refers to the sum of the effects of the individual predictors (i.e., the independent variable and the moderating variable) (Cohen et al., 2002). This effect is represented by $x_1 + x_2$. The underlying assumption is that when there is an interaction between the predictors, then the Coefficients table will display a significant coefficients value for each of the moderating variable and of the independent variable. Furthermore, the sum of the coefficients value of these predictors in one sample will be bigger than the sum in the other sample.

Equation 5. Additive Multiple Regression Model

$$Y = b_0 + b_1 x_1 + b_2 x_2 + \varepsilon$$

Y = Dependent Variable

x_1 = Independent Variable

x_2 = Moderating Variable

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

7.3.3. VARIABLE LABEL

The labels for all variables that will be used in the regression analysis are listed in Table 35.

Table 38. Label of the Split Sample Multiple Regression Analysis

VARIABLE	LABEL	
Dependent Variable	Merger_Performance	
Independent Variable	Combined_Leader_Behavior	
Moderating Variable 1	EOI_Org_Identity	
Moderating Variable 2	EOI_Org_Culture	
Control Variables	Sex_F	Employee's gender is female
	Age_25_to_35_yrs	Employee's age is within the range of 25 to 35 yrs old
	Employed_3_to_10_yrs	Employee who worked 3 to 10 years at StatoilHydro, inclusivethe former firms (Statoil or Hydro)
	Work_Statoil_Bfr_Merger	Employee who worked at Statoil before the merger
	Supervisor_Y	Employee with supervisory position
	Supervisor_Y_Dept_Manager	Employee's supervisory position is in the level of department manager
	BusArea_MM	Employee who worked at Manufacturing & Marketing business area

7.3.4. ANALYSIS RESULT 1

In this section, the split sample multiple regression analysis was conducted on the first moderator (EOI to organizational identity). Since the moderator was categorized into low level vs. high level, there are two analysis results, each is based on:

(1) *Low* level of EOI to Organizational Identity

(2) *High* level of EOI to Organizational Identity

It should be noted that the moderating effect in split sample multiple regression analysis can only be identified through a comparison between the significant coefficients values of the independent variable in the low level vs. high level moderators. Therefore, a conclusion pertaining to the existence of the moderating effect will be given only after the presentations of the low level vs. high level analysis results.

7.3.4.1. ANALYSIS RESULT 1A
LOW LEVEL OF EOI TO ORGANIZATIONAL IDENTITY

Normality Test

The histogram shown in Figure 16 displays a right-skewed distribution, because the residual is skewed to the right direction. The Normal P-P Plot displayed in Figure 17 supports the historgram result, because the pattern is not well-aligned to the 45 degree line.

Figure 16. Histogram of Split Sample Multiple Regression Analysis Result 1A

Dependent Variable: Merger_Performance

Mean =-4.84E-16
Std. Dev. =0.994
N =621
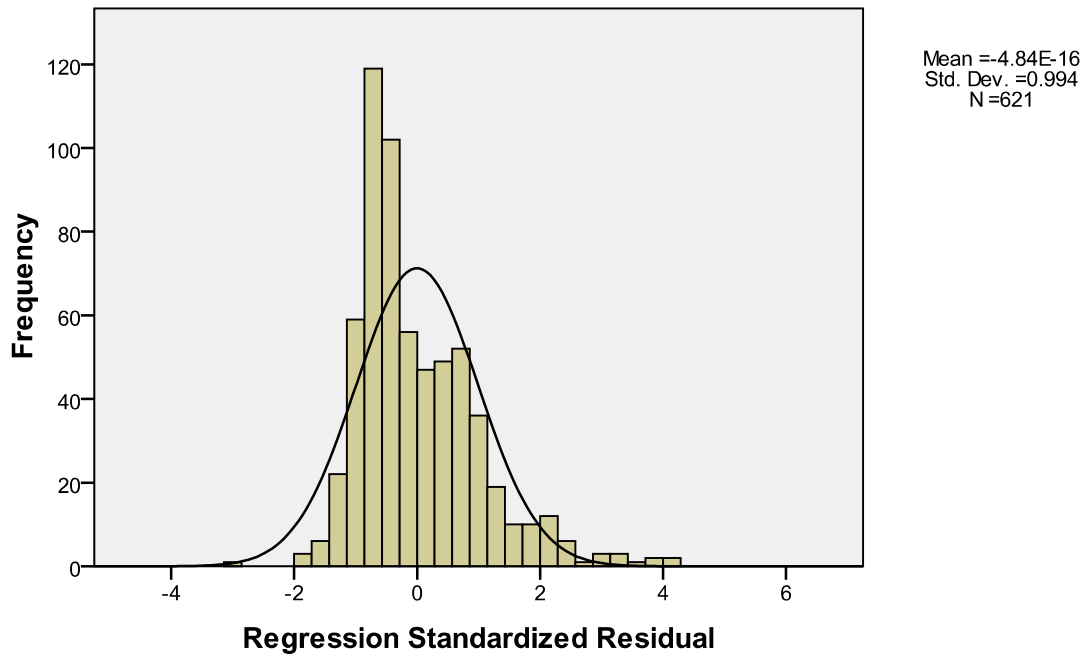
Figure 17. Normal P-P Plot of Regression Standardized Residual of Split Sample Multiple Regression Analysis Result 1A

Dependent Variable: Merger_Performance
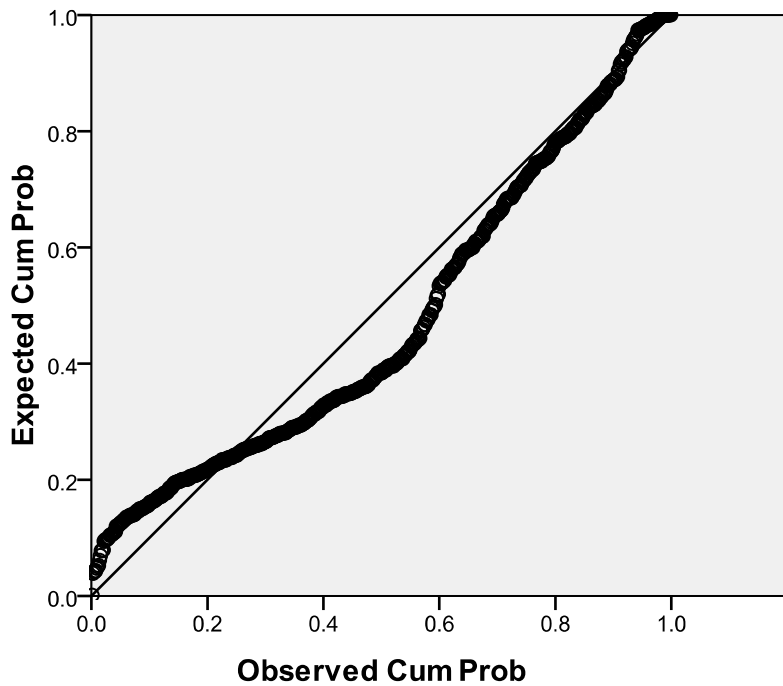
ANOVA

The p-values (Sig.) of the two models in the ANOVA table (Table 36) are less than .05, signifying that these models are meaningful and that a good fit between the models and the data exists (Janssens et al., 2008). As the ANOVA results are significant, the thesis further investigates the Coefficients table and model summary.

Table 39. ANOVA Table of Split Sample Multiple Regression Analysis Result 1A

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	506.193	6	84.366	34.872	.000[a]
	Residual	1485.446	614	2.419		
	Total	1991.639	620			
2	Regression	1195.574	8	149.447	114.892	.000[b]
	Residual	796.065	612	1.301		
	Total	1991.639	620			

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Sex_F, Employed_3_to_10_yrs, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Sex_F, Employed_3_to_10_yrs, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Combined_Leader_Behavior, EOI_Org_Identity

c. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 2 in order to determine the existence of the additive effect. When the coefficients values of the independent variable (Combined_Leader_Behavior) and of the moderating variable (EOI_Org_Identity) are significant (p-value < .05), this means that the additive effect exists. Model 2 shows that the p-value (Sig.) of "Combined Leader Behavior" and "EOI_Org_Identity" are less than .05, thus their coefficients value is significant. This means that an additive effect exists between the independent and moderating variables. Model 2 also shows four insignificant control variables with p-values (Sig.) bigger than .05. All of these insignificant variables were deleted from the model.

Table 40. Regression Coefficients 1 of Split Sample Multiple Regression Analysis Result 1A

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.157	.158		19.955	.000
	Sex_F	-.025	.140	-.006	-.178	.858
	Age_25_to_35_yrs	-.362	.175	-.077	-2.071	.039
	Employed_3_to_10_yrs	.132	.158	.031	.838	.402
	Work_Statoil_Bfr_Merger	-.659	.163	-.146	-4.047	.000
	Supervisor_Y_Dept_Manager	-.544	.126	-.151	-4.309	.000
	BusArea_MM	-1.475	.132	-.407	-11.147	.000
2	(Constant)	-.227	.248		-.915	.361
	Sex_F	-.015	.102	-.004	-.148	.883
	Age_25_to_35_yrs	-.159	.129	-.034	-1.235	.217
	Employed_3_to_10_yrs	.160	.116	.037	1.380	.168
	Work_Statoil_Bfr_Merger	-.048	.122	-.011	-.395	.693
	Supervisor_Y_Dept_Manager	-.280	.093	-.078	-3.004	.003
	BusArea_MM	-.454	.108	-.125	-4.209	.000
	EOI_Org_Identity	.936	.043	.665	21.916	.000
	Combined_Leader_Behavior	.328	.045	.186	7.268	.000

a. Dependent Variable: Merger_Performance

After the deletion, the thesis reran the regression analysis. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 41. Regression Coefficients 2 of Split Sample Multiple Regression Analysis Result 1A

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.654	.100		26.635	.000
	Supervisor_Y_Dept_Manager	-.543	.126	-.152	-4.318	.000
	BusArea_MM	-1.631	.127	-.450	-12.834	.000
2	(Constant)	-.107	.215		-.499	.618
	Supervisor_Y_Dept_Manager	-.279	.092	-.078	-3.029	.003
	BusArea_MM	-.487	.106	-.135	-4.613	.000
	EOI_Org_Identity	.931	.041	.664	22.610	.000
	Combined_Leader_Behavior	.297	.044	.172	6.728	.000

a. Dependent Variable: Merger_Performance

On the basis of the second Coefficients table (Table 38), the regression model may be filled in as follows:

Equation 6. Model Summary of Split Sample Multiple Regression Analysis Result 1A

$$Y = -.107 - .279m_1 - .487m_2 + .297x_1 + .931x_2 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Supervisor_Y_Dept_Manager)

m_2 = Control Variable 2 (BusArea_MM)

x_1 = Independent Variable (Combined_Leader_Behavior)

x_2 = Moderating Variable (EOI_Org_Identity)

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

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It is important to note here that the constant value is displayed as negative. The constant value is identical to the predicted value of the dependent variable for those cases whose predictor's value is 0 (Janssens et al., 2008). There are two predictors in this case, namely the moderator (EOI to Organizational Identity) and the independent variable (Combined Leader Behavior). This means that when there is no contribution from both combined leader behavior and EOI to organizational identity as leadership context, StatoilHydro's merger performance will be negative.

From this equation, the additive effect between the moderator (EOI_Org_Identity) and the independent variable (Combined_Leader_Behavior) can be quantified as $.297x_1 + .931x_2$ in relation to their contribution to the dependent variable (Merger_Performance). This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .297 units, and an increase in "EOI to organizational identity" with one unit leads to an increase in the "Merger Performance" with .931 units. Together, an increase in the independent and the moderating variables with one unit contributes an increase in the "Merger Performance" with 1.228 units.

The equation also signifies the variation of employees' perception of merger performance:

(1) "Merger Performance" score for department manager (Supervisor_Y_Dept_Manager) is a mean of .367 points lower than the mean values of other types of supervisor. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

(2) Whilst, "Merger Performance" score for employees working at Manufacturing & Marketing business area (BusArea_MM) is a mean of 1.009 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 39) indicates that model 2, which contains the independent variable (Combined Leader Behavior) and the moderator (EOI to Organizational Identity) explains 59.1% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 36.4% from model 1 to model 2 after the two variables have been added into the model. This increase value signifies a relatively strong additive effect of these variables, and that the summation of combined leader behavior and EOI to

organizational identity as the leadership context contributes significantly to StaoilHydro's merger performance.

Table 42. ANOVA Table of Split Sample Multiple Regression Analysis Result 1A

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
					Change Statistics				
1	.479^a	.230	.227	1.57213	.230	93.444	2	626	.000
2	.771^b	.594	.591	1.14350	.364	279.634	2	624	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Combined_Leader_Behavior, EOI_Org_Identity

c. Dependent Variable: Merger_Performance

7.3.4.2. ANALYSIS RESULT 1B
HIGH LEVEL OF EOI TO ORGANIZATIONAL IDENTITY

Normality Test

The histogram shown in Figure 18 does not indicate a normal distribution. There is a sign of left-skewness. The Normal P-P Plot displayed in Figure 19 also supports the histogram result, because the pattern is not aligned to the 45 degree line.

Figure 18. Histogram of Split Sample Regression Analysis Result 1B

Dependent Variable: Merger_Performance

Mean =-7.42E-15
Std. Dev. =0.998
N =1,667
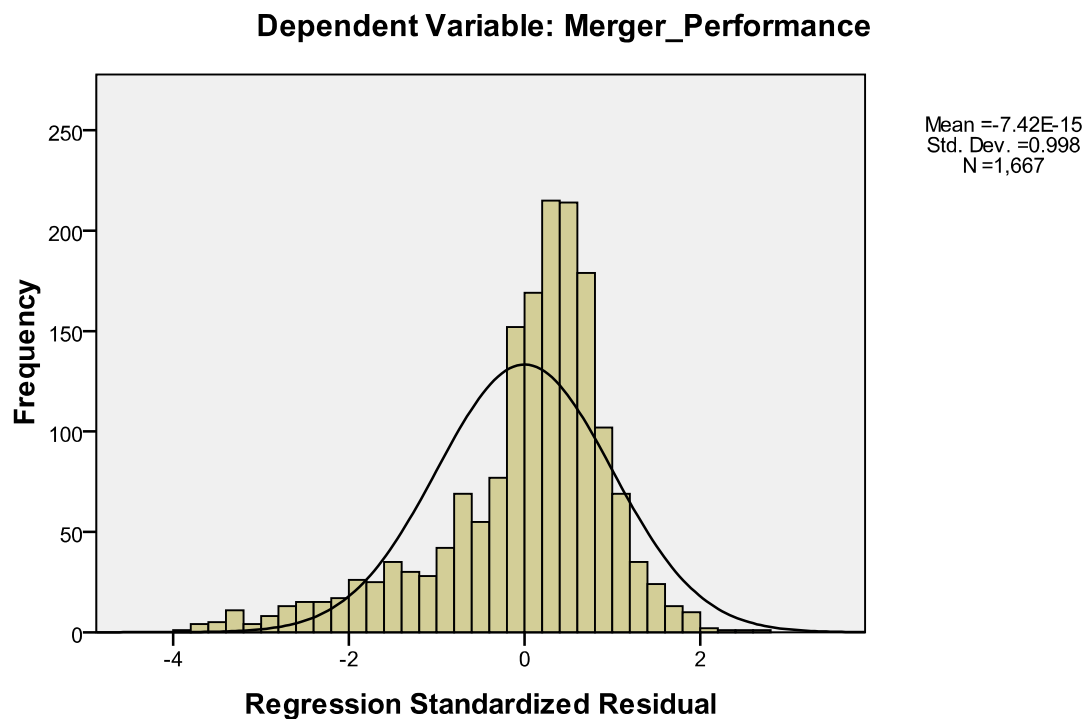
Figure 19. Normal P-P Plot of Regression Standardized Residual of Split Sample Regression Analysis Result 1B

Dependent Variable: Merger_Performance
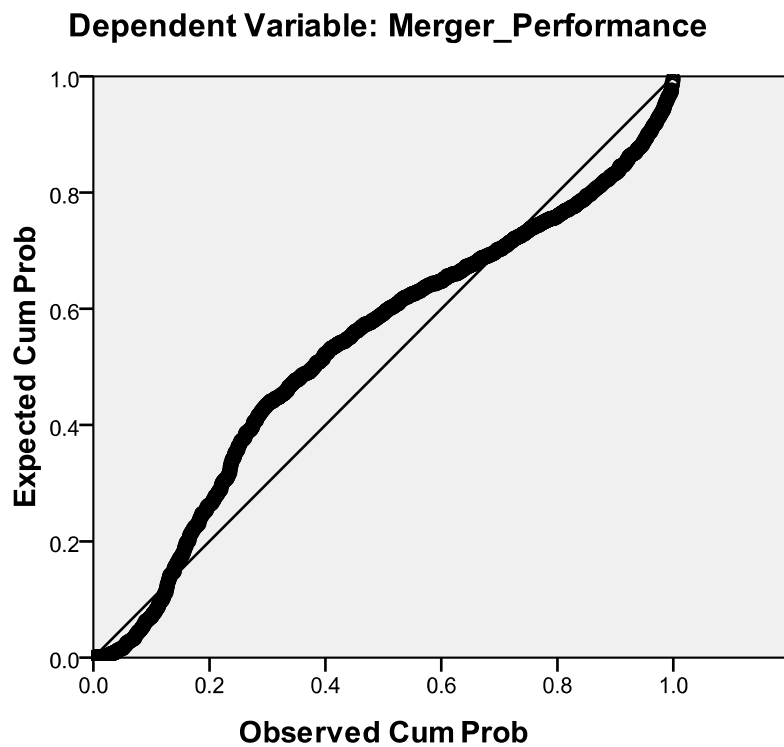
ANOVA

The ANOVA table (Table 40) shows that all p-values (Sig.) in the two models are less than .05. Therefore, these models are meaningful and that there is a good fit between the models and the data (Janssens et al., 2008). Since the ANOVA results are significant, the thesis further investigates the Coefficients table and model summary.

Table 43. ANOVA Table of Split Sample Regression Analysis Result 1B

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	303.226	6	50.538	27.514	.000[a]
	Residual	3049.082	1660	1.837		
	Total	3352.309	1666			
2	Regression	589.164	8	73.645	44.190	.000[b]
	Residual	2763.145	1658	1.667		
	Total	3352.309	1666			

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a. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Sex_F, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Sex_F, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Combined_Leader_Behavior, EOI_Org_Identity

c. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 2 in order to determine the existence of the additive effect. When the coefficients values of the independent variable (Combined_Leader_Behavior) and of the moderating variable (EOI_Org_Identity) are significant (p-value < .05), this means that the additive effect exists. Model 2 shows that the p-value (Sig.) of the independent variable is less than .05, so it is significant. However, the moderating variable (EOI_Org_Identity) has a p-value (Sig.) of .329, which is bigger than .05, thus, it is insignificant. To sum up, there is no additive effect between the moderating and the independent variables. Furthermore, model 2 shows three insignificant control variables with p-values (Sig.) bigger than .05. All insignificant variables were deleted from the model.

Table 44. Regression Coefficients 1 of Split Sample Multiple Regression Analysis Result 1B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.650	.075		61.646	.000
	Sex_F	-.035	.077	-.011	-.449	.653
	Age_25_to_35_yrs	.072	.117	.015	.617	.538
	Employed_3_to_10_yrs	-.046	.089	-.012	-.514	.607
	Work_Statoil_Bfr_Merger	-.236	.079	-.071	-2.994	.003
	Supervisor_Y_Dept_Manager	-.406	.074	-.131	-5.474	.000
	BusArea_MM	-.954	.091	-.248	-10.438	.000
2	(Constant)	1.798	.291		6.171	.000
	Sex_F	-.059	.074	-.018	-.797	.426
	Age_25_to_35_yrs	.074	.112	.016	.666	.505

Employed_3_to_10_yrs	-.105	.084	-.028	-1.241	.215
Work_Statoil_Bfr_Merger	-.169	.076	-.051	-2.232	.026
Supervisor_Y_Dept_Manager	-.372	.071	-.120	-5.253	.000
BusArea_MM	-.965	.087	-.251	-11.074	.000
EOI_Org_Identity	.044	.045	.022	.975	.329
Combined_Leader_Behavior	.535	.042	.289	12.710	.000

a. Dependent Variable: Merger_Performance

After the deletion, regression analysis was rerun. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 45. Regression Coefficients 2 of Split Sample Multiple Regression Analysis Result 1B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.633	.071		64.956	.000
	Work_Statoil_Bfr_Merger	-.224	.078	-.067	-2.870	.004
	Supervisor_Y_Dept_Manager	-.396	.072	-.128	-5.499	.000
	BusArea_MM	-.955	.090	-.249	-10.586	.000
2	(Constant)	1.994	.213		9.358	.000
	Work_Statoil_Bfr_Merger	-.158	.074	-.048	-2.120	.034
	Supervisor_Y_Dept_Manager	-.361	.069	-.116	-5.247	.000
	BusArea_MM	-.958	.086	-.249	-11.138	.000
	Combined_Leader_Behavior	.535	.041	.290	13.070	.000

a. Dependent Variable: Merger_Performance

On the basis of the second Coefficients table (Table 42), the regression model may be filled in as follows:

Equation 7. Additive Multiple Regression Model

$$Y = 1.994 - .158m_1 - .361m_2 - .958m_3 + .535x_1 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Work_Statoil_Bfr_Merger)

m_2 = Control Variable 2 (Supervisor_Y_Dept_Manager)

m_3 = Control Variable 3 (BusArea_MM)

x_1 = Independent Variable (Combined_Leader_Behavior)

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

From this equation, the contribution of the independent variable (Combined Leader Behavior) to the dependent variable (Merger Performance) can be quantified as $.535x_1$. This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .535 units.

The equation also shows the variation of employees' perception of merger performance:

(1) "Merger Performance" score for employees working at Statoil before the merger (Work_Statoil_Bfr_Merger) is a mean of .158 points lower than the mean values of new-comers and of employees working at Hydro before the merger. This means that employees who came from Statoil perceive less positively than new-comers and employees who worked at Hydro before the merger regarding StatoilHydro merger performance.

(2) "Merger Performance" score for department managers (Supervisor_Y_Dept_Manager) is a mean of .361 points lower than the mean values of other types of supervisor. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

(3) Finally, "Merger Performance" score for employees working at business area Manufacturing & Marketing (BusArea_MM) is a mean of .958 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing

business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 43) indicates that model 2, which contains the independent variable (Combined Leader Behavior) explains 17.2% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 8.4% from model 1 to model 2 after "Combined Leader Behavior" has been added into the model. This increase value indicates that combined leader behavior only contributes slightly to merger performance.

Table 46. Model Summary of Split Sample Regression Analysis Result 1A

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.300[a]	.090	.088	1.34793	.090	55.724	3	1689	.000
2	.417[b]	.174	.172	1.28488	.084	170.822	1	1688	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

7.3.4.3. CONCLUSION OF ANALYSIS 1

In order to determine the existence of the moderating effect, the thesis performed a comparison between the additive effect or the sum of the significant coefficients values of the predictors in the low level vs. high level moderators. The additive effect in the low level of EOI to organizational identity is 1.228. This additive effect value signifies the sum of the individual contribution of "Combined Leader Behavior" and "EOI to organizational identity" to "Merger Performance." In the high level of EOI to organizational identity, since the moderator's coefficients value is bigger than .05, it is insignificant and does not contribute to the dependent variable (Merger Performance). Therefore, in the high level of EOI to organizational identity, there is no additive effect, and the contribution to "Merger Performance" is only determined by the independent variable (Combined Leader Behavior), which is .535.

The additive effect only takes place on the low level of EOI to organizational identity, and not on the high level. This means that the *low* level of EOI to organizational identity enhances the effectiveness of combined leader behavior in yielding merger performance while the *high* level of EOI to organizational identity does not have such effect. This is contradictory to the hypotheses, which claim that it is the *high* level of EOI to organizational identity, which can enhance combined leader behavior effectiveness. Accordingly, the thesis concludes that the following hypotheses are not supported.

H1a: A high level of EOI to organizational identity enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H1b: A low level of EOI to organizational identity does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

7.3.5. ANALYSIS RESULT 2

In this section, the split sample multiple regression analysis was conducted on the second moderator (EOI to organizational culture). Since the moderator was categorized into low level vs. high level, there are two analysis results, each is based on:

(1) *Low* level of EOI to Organizational Culture

(2) *High* level of EOI to Organizational Culture

As the moderating effect in split sample multiple regression analysis can only be identified by comparing the significant coefficients values of the independent variable in the low level vs. high level moderators, the thesis will give a conclusion regarding the existence of the moderating effect only after the presentations of the low level vs. high level analysis results.

7.3.5.2. ANALYSIS RESULT 2A
LOW LEVEL OF EOI TO ORGANIZATIONAL CULTURE

Normality Test

The histogram shown in Figure 20 displays a normal distribution, because the pattern matches well with the typical bell-shape pattern of normal distribution. The Normal P-P Plot displayed in Figure 21 also supports the normality assumption, because the pattern is aligned to the 45 degree line.

Figure 20. Histogram of Split Sample Regression Analysis Result 2A
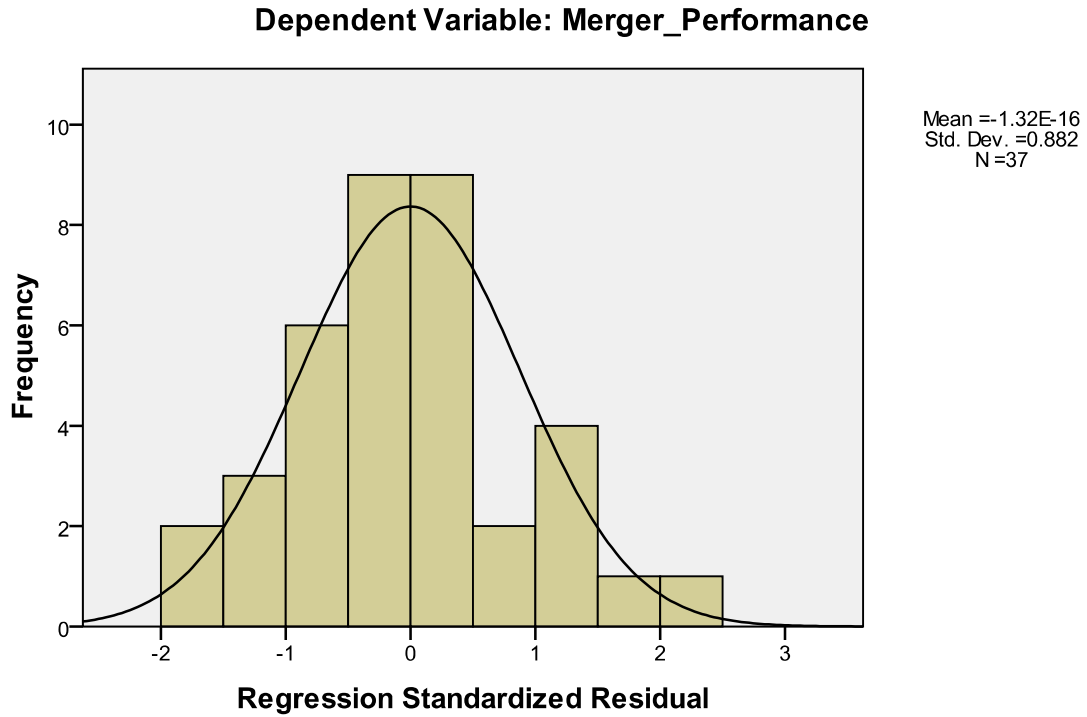
Figure 21. Normal P-P Plot of Regression Standardized Residual of Split Sample Regression Analysis Result 2A
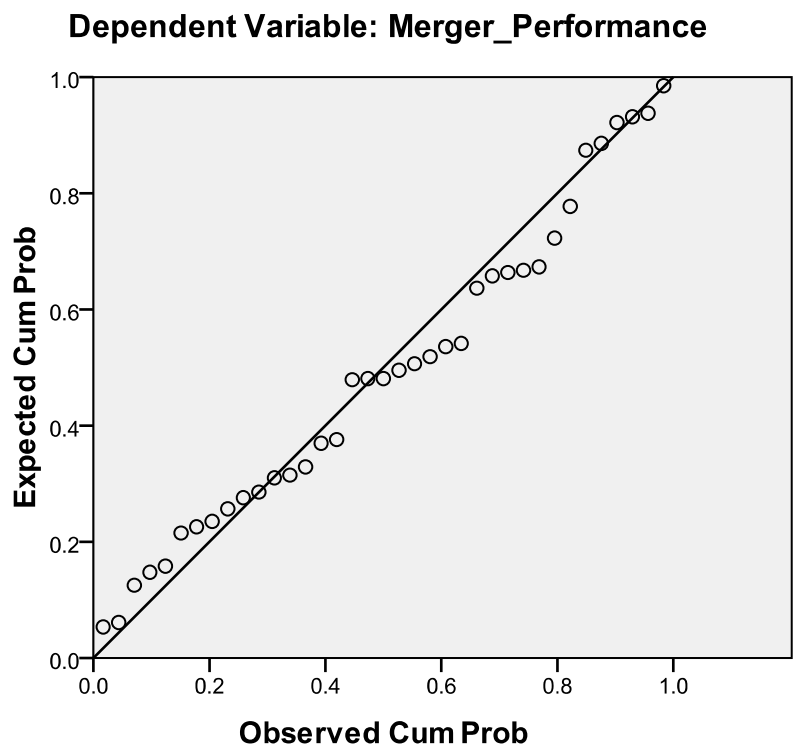
ANOVA

The ANOVA table (Table 44) shows that all p-values (Sig.) in the two models are bigger than .05, meaning that these models are not meaningful and that the models and the data do not fit well with each other (Janssens et al., 2008). As a consequence of the insignificant ANOVA results, further investigation on the coefficients table and model summary is not necessary.

Table 47. ANOVA Table of Split Sample Regression Analysis Result 2A

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.739	6	1.790	.695	.655[a]
	Residual	77.231	30	2.574		
	Total	87.970	36			
2	Regression	17.791	8	2.224	.887	.540[b]
	Residual	70.179	28	2.506		
	Total	87.970	36			

a. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Sex_F, Age_25_to_35_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger

b. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Sex_F, Age_25_to_35_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Combined_Leader_Behavior, EOI_Org_Culture

c. Dependent Variable: Merger_Performance

Regression Coefficients

The ANOVA result is confirmed with the results of the following Coefficients table. All p-values (Sig.) in this table are bigger than .05, and thus, it can be concluded that the models are not meaningful to be analyzed.

Table 48. Regression Coefficients 1 of Split Sample Regression Analysis Result 2A

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.109	.777		2.714	.011
	Sex_F	.401	.629	.119	.638	.528
	Age_25_to_35_yrs	-.033	.736	-.008	-.044	.965
	Employed_3_to_10_yrs	.068	.750	.016	.090	.929
	Work_Statoil_Bfr_Merger	.087	.774	.022	.112	.911
	Supervisor_Y_Dept_Manager	-.174	.563	-.057	-.310	.759
	BusArea_MM	-2.205	1.240	-.323	-1.778	.086
2	(Constant)	1.491	1.078		1.384	.177
	Sex_F	-.030	.672	-.009	-.045	.964
	Age_25_to_35_yrs	.319	.791	.081	.404	.689
	Employed_3_to_10_yrs	.149	.798	.036	.187	.853
	Work_Statoil_Bfr_Merger	-.303	.803	-.077	-.377	.709
	Supervisor_Y_Dept_Manager	-.395	.571	-.128	-.692	.495
	BusArea_MM	-1.158	1.387	-.170	-.835	.411
	EOI_Org_Culture	.018	.468	.011	.038	.970
	Combined_Leader_Behavior	.397	.337	.334	1.178	.249

a. Dependent Variable: Merger_Performance

7.3.5.1. ANALYSIS RESULT 2B
HIGH LEVEL OF EOI TO ORGANIZATIONAL CULTURE

Normality Test

Histogram in Figure 22 displays a left-skewed normal distribution because the residuals are skewed to the left. In addition, The Normal P-P Plot shown by Figure 23 supports the histogram result, because the pattern does not align closely to the 45 degree line.

Figure 22. Histogram of Split Sample Regression Analysis Result 2B

Dependent Variable: Merger_Performance

Mean =-4.54E-15
Std. Dev. =0.998
N =2,251

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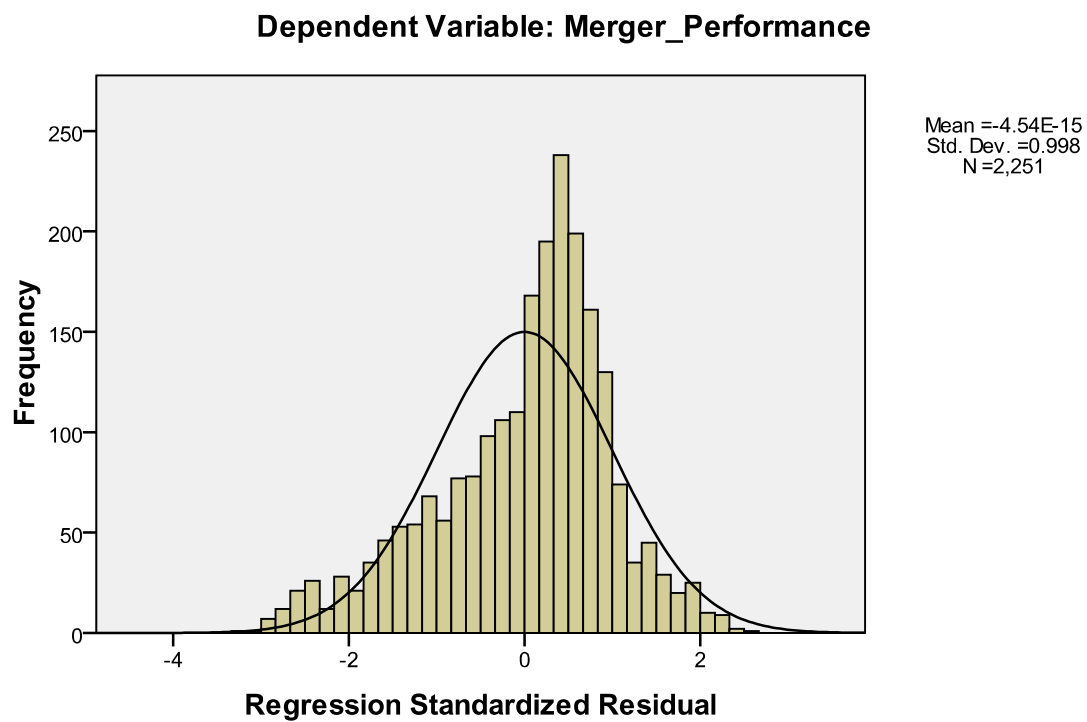
Figure 23. Normal P-P Plot of Regression Standardized Residual of Split Sample Regression Analysis Result 2B
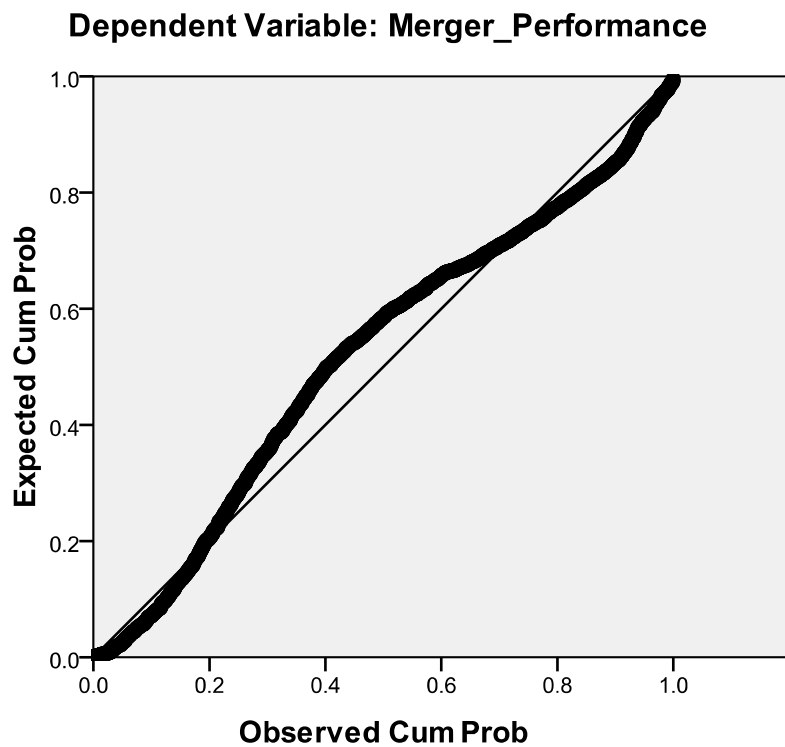
ANOVA

All p-values (Sig.) in the two models are less than .05. (Table 46), consequently, the thesis concludes that these models are meaningful and that there is a good fit between the models and the data (Janssens et al., 2008). A further investigation on the coefficients table and model summary is therefore conducted.

Table 49. ANOVA Table of Split Sample Regression Analysis Result 2B

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1787.573	6	297.929	108.500	.000[a]
	Residual	6161.798	2244	2.746		
	Total	7949.371	2250			
2	Regression	2415.554	8	301.944	122.331	.000[b]
	Residual	5533.817	2242	2.468		
	Total	7949.371	2250			

a. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, EOI_Org_Culture, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 2 in order to verify the significance of the independent variable (Combined_Leader_Behavior). Model 2 shows that the p-value (Sig.) of the independent variable is less than .05, so it is significant.

Since the moderating variable (EOI_Org_Culture) has a p-value (Sig.) of .291, which is bigger than .05, it is insignificant, and thus there is no additive effect between this variable and the independent variable. Furthermore, model 2 shows two insignificant control variables with p-values (Sig.) bigger than .05. All insignificant variables were deleted from the model.

Table 50. Regression Coefficients 1 of Split Sample Multiple Regression Analysis Result 2B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.506	.081		55.759	.000
	Sex_F	-.142	.080	-.033	-1.761	.078
	Age_25_to_35_yrs	-.219	.114	-.038	-1.922	.055
	Employed_3_to_10_yrs	-.054	.092	-.011	-.594	.553
	Work_Statoil_Bfr_Merger	-.325	.085	-.072	-3.828	.000
	Supervisor_Y_Dept_Manager	-.665	.075	-.167	-8.873	.000
	BusArea_MM	-1.781	.085	-.402	-21.069	.000
2	(Constant)	1.002	.362		2.771	.006
	Sex_F	-.143	.076	-.033	-1.879	.060
	Age_25_to_35_yrs	-.230	.108	-.040	-2.130	.033
	Employed_3_to_10_yrs	-.090	.087	-.019	-1.034	.301
	Work_Statoil_Bfr_Merger	-.255	.081	-.057	-3.165	.002

Supervisor_Y_Dept_Manager	-.589	.071	-.148	-8.251	.000
BusArea_MM	-1.702	.081	-.384	-21.126	.000
EOI_Org_Culture	.085	.081	.022	1.055	.291
Combined_Leader_Behavior	.631	.048	.271	13.160	.000

a. Dependent Variable: Merger_Performance

After the deletion, the thesis reran the regression analysis. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 51. Regression Coefficients 2 of Split Sample Multiple Regression Analysis Result 2B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.455	.078		57.353	.000
	Age_25_to_35_yrs	-.265	.110	-.046	-2.418	.016
	Work_Statoil_Bfr_Merger	-.310	.084	-.069	-3.696	.000
	Supervisor_Y_Dept_Manager	-.663	.074	-.167	-8.916	.000
	BusArea_MM	-1.773	.084	-.400	-21.099	.000
2	(Constant)	1.273	.213		5.984	.000
	Age_25_to_35_yrs	-.285	.104	-.049	-2.738	.006
	Work_Statoil_Bfr_Merger	-.245	.080	-.055	-3.076	.002
	Supervisor_Y_Dept_Manager	-.595	.071	-.150	-8.408	.000
	BusArea_MM	-1.687	.080	-.381	-21.112	.000
	Combined_Leader_Behavior	.653	.041	.281	15.943	.000

a. Dependent Variable: Merger_Performance

On the basis of the second Coefficients table (Table 48), the regression model may be filled in as follows:

Equation 8. Regression Model of Split Sample Multiple Regression Analysis Result 2B

$$Y = 1.273 - .285m_1 - .245m_2 - .595m_3 - 1.687m_4 + .653x_1 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Age_25_to_35_yrs)

m_2 = Control Variable 1 (Work_Statoil_Bfr_Merger)

m_3 = Control Variable 2 (Supervisor_Y_Dept_Manager)

m_4 = Control Variable 3 (BusArea_MM)

x_1 = Independent Variable

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

From this equation, the contribution of the independent variable (Combined Leader Behavior) to the dependent variable (Merger Performance) can be quantified as $.653x_1$. This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .653 units.

The equation also shows the variation of employees' perception of merger performance:

1) "Merger Performance" score for employees within the age range of 25 to 35 years old (Age_25_to_35_yrs) is a mean of .285 points lower than the mean values of employees within other age range. This means that employees, whose age is within 25 to 35 years old, perceive less positively than employees with other age range.

2) "Merger Performance" score for employees working at Statoil before the merger (Work_Statoil_Bfr_Merger) is a mean of .245 points lower than the mean values of new-comers and of employees working at Hydro before the merger. This means that employees who came from Statoil perceive less positively than new-comers and employees who worked at Hydro before the merger regarding StatoilHydro merger performance.

3) "Merger Performance" score for department managers (Supervisor_Y_Dept_Manager) is a mean of .595 points lower than the mean values of other types of supervisor. This means that department

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managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

4) Finally, "Merger Performance" score for employees working at business area Manufacturing & Marketing (BusArea_MM) is a mean of 1.687 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 49) indicates that model 2, which contains the independent variable (Combined Leader Behavior) explains 29.9% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 7.8% from model 1 to model 2 after "Combined Leader Behavior" has been added into the model. This increase value indicates that combined leader behavior only contributes slightly to merger performance.

Table 52. Model Summary of Split Sample Regression Analysis Result 2B

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.472^a	.222	.221	1.65516	.222	162.630	4	2274	.000
2	.548^b	.301	.299	1.57006	.078	254.188	1	2273	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

7.3.5.3. CONCLUSION OF ANALYSIS 2

The split sample multiple regression analysis on the low level of EOI to organizational culture shows an invalid model. Thus, there is only one result available; that is the regression result of the high level of EOI to organizational culture. Nonetheless, since this result does not indicate any contribution from the moderating variable (EOI to organizational culture) to the dependent variable (Merger Performance), it provides a sufficient evidence for the thesis to conclude that the following hypotheses are not supported.

H2a: A high level of EOI to organizational culture enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.
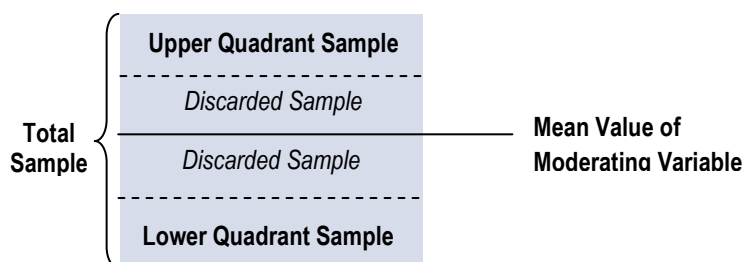
H2b: A low level of EOI to organizational culture does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

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7.4. UPPER & LOWER QUADRANT MULTIPLE REGRESSION ANALYSIS

Fundamentally, the underlying logic of the upper and lower quadrant multiple regression analysis is similar to the logic of the split sample regression analysis. Thus, this type of regression analysis also identifies the moderating effect by comparing the difference between the sum of the significant coefficients values of the predictors (i.e., moderating variable and independent variable) in two samples (Cohen et al., 2002). The sum of the effects of the individual predictors is referred to as the additive effect (Cohen et al., 2002). The difference between the two types of regression analysis is that the upper and lower quadrant multiple regression analysis splits the sample in a stricter way than the split sample regression analysis. The assumption here is that because the two samples strongly differ from each other in terms of data value, if there is a difference between the additive effect in the two samples, then the moderating or interaction effect exists (Cohen et al., 2002).

Before upper and lower quadrant multiple regression analysis is conducted, the sample should be first divided into two using the mean value of the moderator as a benchmark, after that each sample is divided into two, so the original sample is split up into four parts in total (Figure 24). Only the top and the bottom parts of the sample are selected for the regression analysis. The rest of the sample is discarded. After the split, each sample should only contain one type of moderating variable, either low or high level of moderator (i.e., EOI). In this way, the sample serves as a control element in the regression analysis (Cohen et al., 2002). The regression analysis should be performed in each sample. If the sum of the significant coefficients values of the predictors in one sample is bigger than the sum in the other sample, this means that the moderating effect exists. In other words, there is an interaction effect if the additive effect in one sample is bigger than the additive effect in the other sample. Similar to the sample split multiple regression analysis, the upper and lower quadrant multiple regression analysis can also detect whether the moderating effect takes place in the low level or in the high level of EOI.

Figure 24. Sample Division into the Upper & Lower Quadrant

7.4.1. PRELIMINARY STEP

To begin with, the thesis calculated the mean value of each proposed moderating variable (i.e., EOI to organizational identity and EOI to organizational culture) (Table 50). Because there are two moderating variables, the thesis used two original samples. Each original sample is divided into two using the mean value of each moderator as the benchmark, so each original sample is split up into four parts in total (Figure 24). Only the top and the bottom parts of the sample are selected for the regression analysis. The rest of the sample is discarded.

Table 53. Mean Value of Independent Variable & Moderating Variables

VARIABLE	MEAN VALUE
EOI to Organizational Identity	3.83
EOI to Organizational Culture	4.6745

Since there are two moderating variables, the thesis created four samples in total based on:

(1) *Lower* quadrant of EOI to Organizational Identity

(2) *Upper* quadrant of EOI to Organizational Identity

(3) *Lower* quadrant of EOI to Organizational Culture

(4) *Upper* quadrant of EOI to Organizational Culture

The boxplot comparisons in Figure 8 and 9 provide a quick graphical overview on the extreme difference between the values of the lower and upper quadrant samples.

Aligned with the categorization of low and high levels of EOI that the social identity theory proposes (Lord et al., 1999; van Knippenberg & Hogg, 2003), the thesis treats the upper quadrant as the high level of EOI and the lower quadrant as the low level of EOI.

Figure 25. Boxplot Comparisons of Low Level vs. High Level of EOI to Organizational Identity

Low Level EOI to Organizational Identity (Value ≤ 3.83)   **High Level of EOI to Organizational Identity (3.83 < Value)**
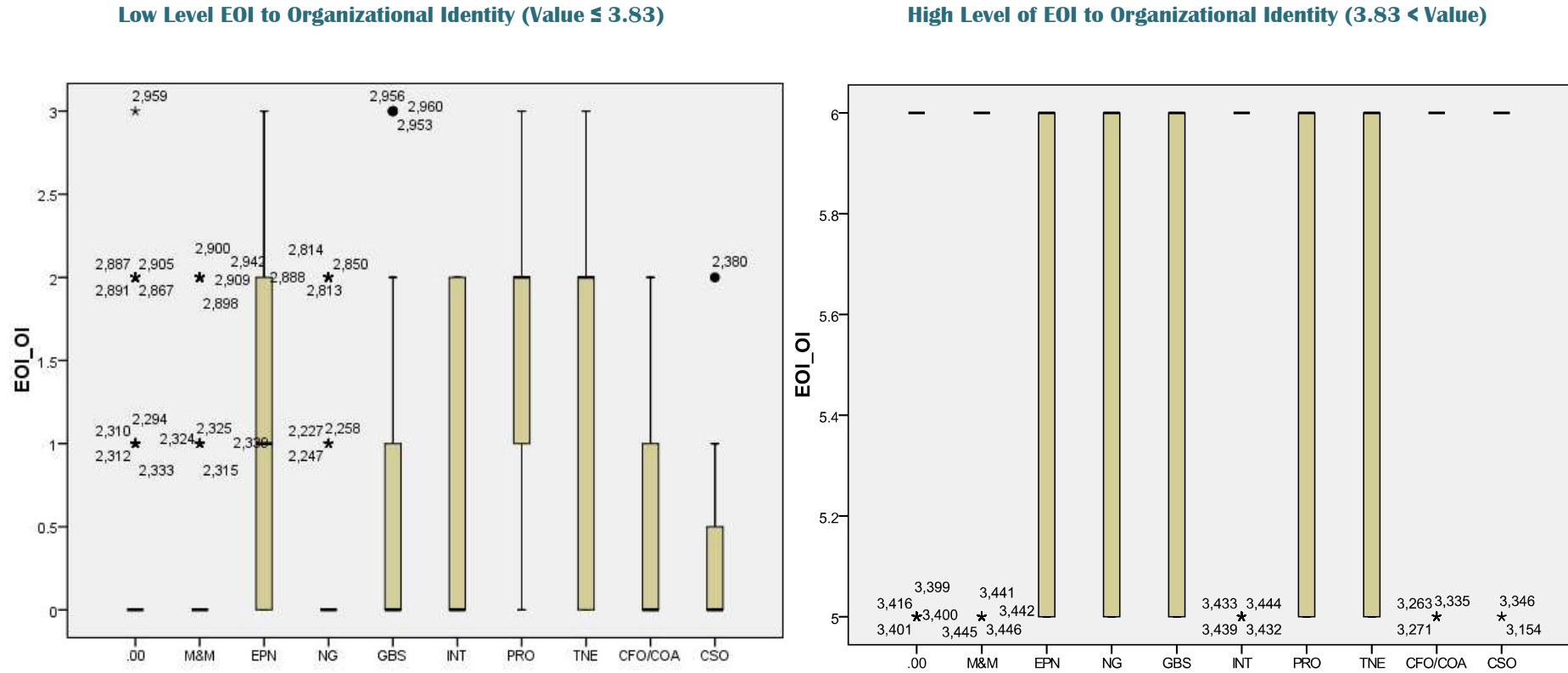
Source: Global People Survey 2008

Figure 26. Boxplot Comparisons of Low Level vs. High Level of EOI to Organizational Culture

Low Level EOI to Organizational Identity (Value ≤ 4.6745)

High Level of EOI to Organizational Identity (4.6745 < Value)
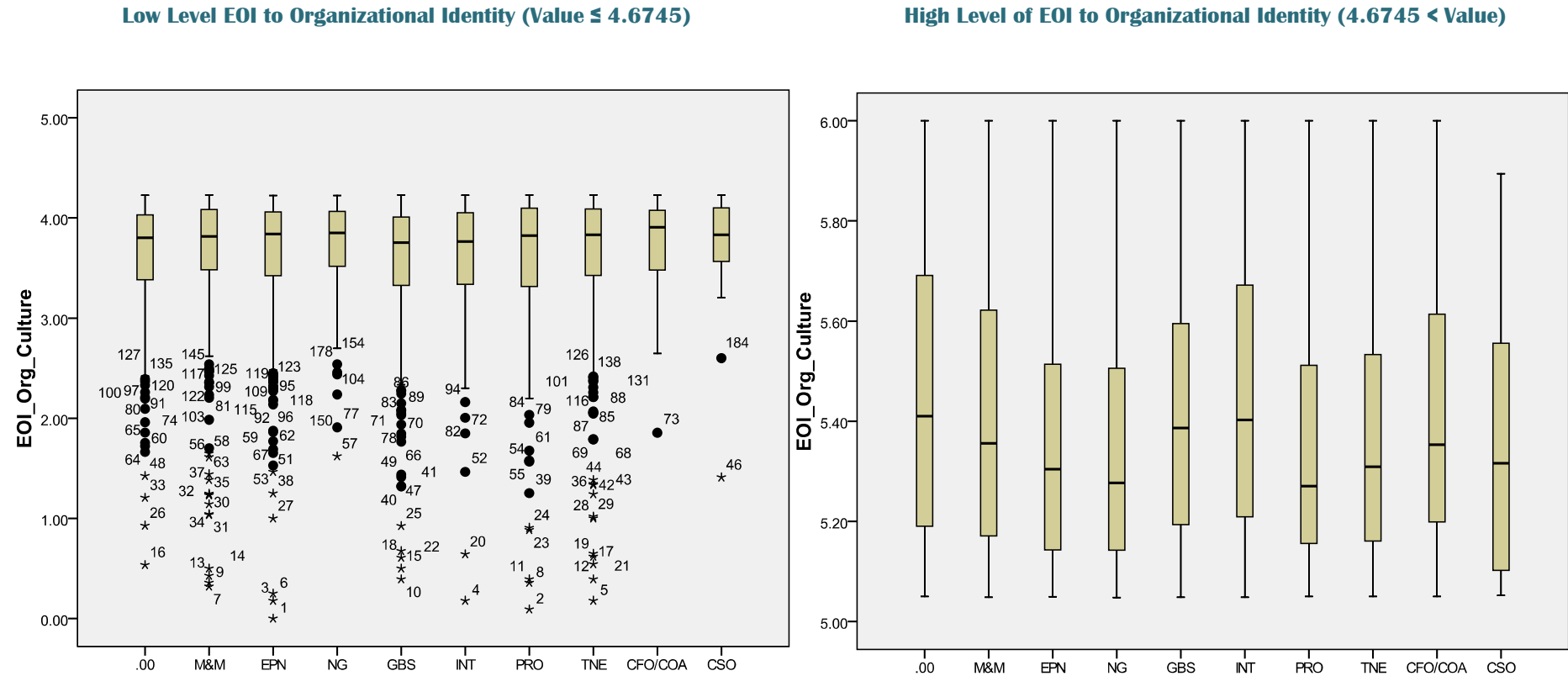
Source: Global People Survey 2008

7.4.2. REGRESSION MODEL

Similar to the split sample regression analysis, the additive multiple regression model is utilized in the upper and lower quadrant multiple regression analysis (Cohen et al., 2002). After the split, each sample contains only one level of moderating variable (i.e., EOI) and thus controls the regression analysis (Cohen et al., 2002).

MMR model is not used in this type of regression analysis, because the moderating effect may be simply detected by comparing the difference between the sum of the significant coefficient values of the predictors in two samples (Cohen et al., 2002). The additive multiple regression model is being used instead with a purpose to identify the individual contribution of the moderating and the independent variables (Cohen et al., 2002). The additive effect is defined as the sum of the effects of the individual predictors (i.e., the independent variable and the moderating variable) (Cohen et al., 2002). This effect is represented by $x_1 + x_2$. The underlying assumption is that when there is an interaction between the predictors, then the Coefficients table will display a significant coefficients value for each of the moderating variable and of the independent variable. Moreover, the sum of the coefficients value of these predictors in one sample will be bigger than the sum in the other sample.

Equation 9. Additive Multiple Regression Model

$$Y = b_0 + b_1 x_1 + b_2 x_2 + \varepsilon$$

Y = Dependent Variable

x_1 = Independent Variable

x_2 = Moderating Variable

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

7.4.3. VARIABLE LABEL

The labels for all variables that will be used in the regression analysis are listed in Table 51.

Table 54. Label of the Upper & Lower Quadrant Regression Analysis

VARIABLE	LABEL	
Dependent Variable	Merger_Performance	
Independent Variable	Combined_Leader_Behavior	
Moderating Variable 1	EOI_Org_Identity	
Moderating Variable 2	EOI_Org_Culture	
Control Variables	Sex_F	Employee's gender is female
	Age_25_to_35_yrs	Employee's age is within the range of 25 to 35 yrs old
	Employed_3_to_10_yrs	Employee who worked 3 to 10 years at StatoilHydro, inclusivethe former firms (Statoil or Hydro)
	Work_Statoil_Bfr_Merger	Employee who worked at Statoil before the merger
	Supervisor_Y	Employee with supervisory position
	Supervisor_Y_Dept_Manager	Employee's supervisory position is in the level of department manager
	BusArea_MM	Employee who worked at Manufacturing & Marketing business area

7.4.4. ANALYSIS RESULT 1

In this section, the upper and lower quadrant multiple regression analysis was conducted on the first moderator (EOI to organizational identity). Since the moderator was categorized into low level vs. high level, there are two analysis results, each is based on:

(1) *Low* level of EOI to Organizational Identity

(2) *High* level of EOI to Organizational Identity

It should be noted that the moderating effect in upper and lower quadrant multiple regression analysis can only be identified through a comparison between the significant coefficients values of the independent variable in the low level vs. high level moderators. Therefore, a conclusion pertaining to the existence of the moderating effect will be given only after the presentations of the low level vs. high level analysis results.

7.4.4.2. ANALYSIS RESULT 1A
LOW LEVEL OF EOI TO ORGANIZATIONAL IDENTITY

Normality Test

The histogram shown in Figure 27 displays a right-skewed distribution, because the residual is skewed to the right direction. The Normal P-P Plot displayed in Figure 28 supports the histogram result, because the pattern is not well-aligned to the 45 degree line.

Figure 27. Histogram of Upper & Lower Quadrant Regression Analysis Result 1A

Dependent Variable: Merger_Performance

Mean =-6.75E-16
Std. Dev. =0.992
N =478
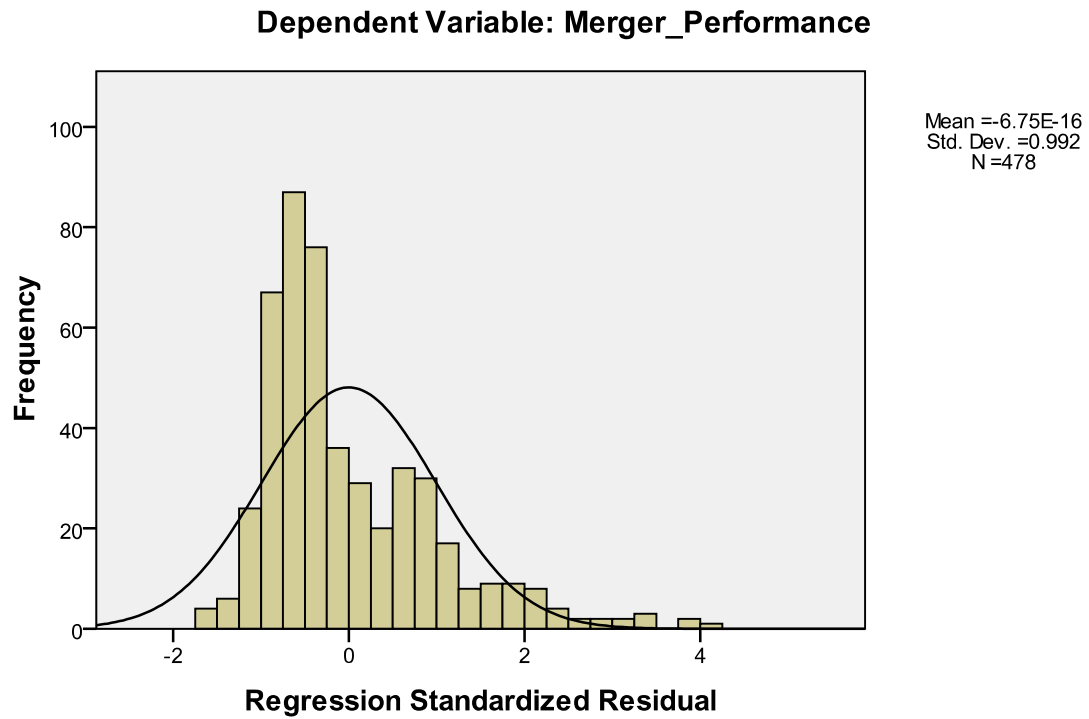
Figure 28. Normal P-P Plot of Regression Standardized Residual of Upper & Lower Quadrant Regression Analysis Result 1A

Dependent Variable: Merger_Performance

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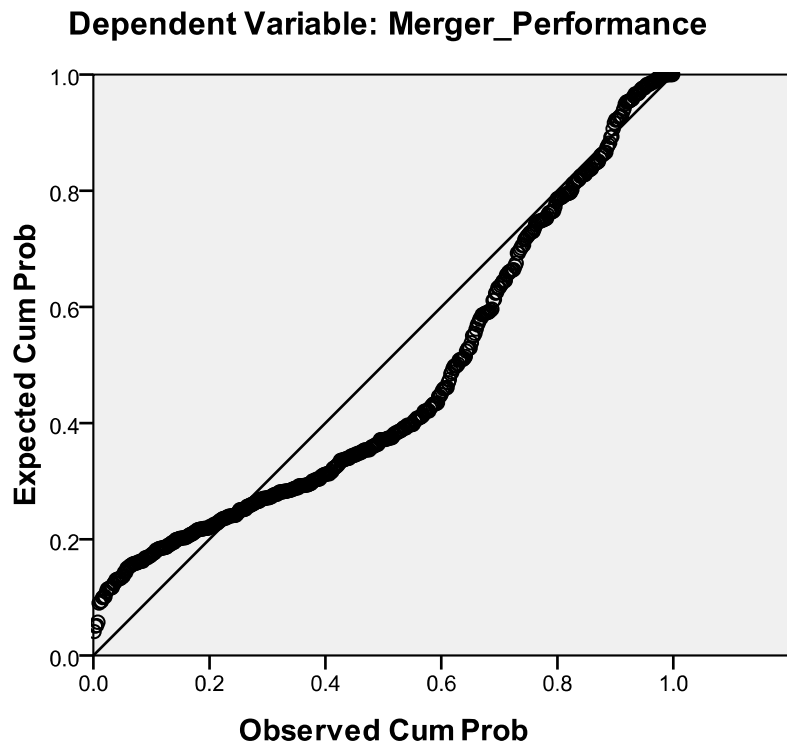
ANOVA

The ANOVA table (Table 52) shows that all p-values (Sig.) in the two models are less than .05. Thus, it can be concluded that these models are meaningful and that there is a good fit between the models and the data (Janssens et al., 2008). The significant ANOVA results prompts a further investigation on the coefficients table and model summary.

Table 55. ANOVA Table of Upper & Lower Quadrant Regression Analysis Result 1A

ANOVA^c

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	173.292	6	28.882	14.224	.000^a
	Residual	956.382	471	2.031		
	Total	1129.673	477			
2	Regression	454.032	8	56.754	39.396	.000^b
	Residual	675.641	469	1.441		
	Total	1129.673	477			

a. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Sex_F, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Sex_F, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Combined_Leader_Behavior, EOI_Org_Identity

c. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 2 in order to determine the significance of the independent variable (Combined_Leader_Behavior). Model 2 shows that the p-value (Sig.) of the independent variable is less than .05, so it is significant. Furthermore, since the moderating variable (EOI_Org_Identity) has a p-value (Sig.) less than .05, this means that an additive effect exists between the moderating and the independent variables.

Model 2 also shows four insignificant control variables with p-values (Sig.) bigger than .05. All insignificant variables were deleted from the model.

Table 56. Regression Coefficients 1 of Upper & Lower Quadrant Regression Analysis Result 1A

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.452	.194		12.623	.000
	Sex_F	-.125	.146	-.036	-.852	.394
	Age_25_to_35_yrs	-.192	.172	-.050	-1.113	.266
	Employed_3_to_10_yrs	.116	.161	.032	.724	.470
	Work_Statoil_Bfr_Merger	-.626	.189	-.145	-3.311	.001
	Supervisor_Y_Dept_Manager	-.448	.131	-.146	-3.416	.001
	BusArea_MM	-.953	.134	-.310	-7.091	.000
2	(Constant)	-.220	.332		-.664	.507
	Sex_F	-.004	.123	-.001	-.036	.971
	Age_25_to_35_yrs	-.158	.146	-.041	-1.087	.278
	Employed_3_to_10_yrs	.210	.136	.058	1.548	.122
	Work_Statoil_Bfr_Merger	-.244	.162	-.057	-1.509	.132
	Supervisor_Y_Dept_Manager	-.263	.111	-.086	-2.362	.019
	BusArea_MM	-.414	.121	-.135	-3.423	.001
	EOI_Org_Identity	1.123	.084	.533	13.331	.000
	Combined_Leader_Behavior	.345	.061	.204	5.652	.000

a. Dependent Variable: Merger_Performance

After the deletion, the thesis reran the MMR analysis. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 57. Regression Coefficients 2 of Upper & Lower Quadrant Regression Analysis Result 1A

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.906	.114		16.721	.000
	Supervisor_Y_Dept_Manager	-.429	.131	-.140	-3.282	.001
	BusArea_MM	-1.033	.131	-.336	-7.905	.000
2	(Constant)	-.157	.287		-.546	.585
	Supervisor_Y_Dept_Manager	-.251	.111	-.082	-2.265	.024
	BusArea_MM	-.459	.119	-.150	-3.868	.000
	EOI_Org_Identity	1.126	.082	.534	13.672	.000
	Combined_Leader_Behavior	.293	.059	.179	4.942	.000

a. Dependent Variable: Merger_Performance

On the basis of the second Coefficients table (Table 14), the regression model may be filled in as follows:

Equation 10. Regression Model of Upper & Lower Quadrant Regression Analysis Result 1A

$$Y = -.157 - .251m_1 - .459m_2 + .293x_1 + 1.126x_2 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Supervisor_Y_Dept_Manager)

m_2 = Control Variable 2 (BusArea_MM)

x_1 = Independent Variable (Combined_Leader_Behavior)

x_{21} = Moderating Variable (EOI_Org_Identity)

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

It is important to note here that the constant value is displayed as negative. The constant value is known to be identical to the predicted value of the dependent variable for those cases whose predictor's value is 0 (Janssens et al., 2008). There are two predictors in this case, namely the moderator (EOI to Organizational Identity) and the independent variable (Combined Leader Behavior). Accordingly, the negative constant value indicates that when there is no contribution from both combined leader behavior and EOI to organizational identity as leadership context, StatoilHydro's merger performance will be negative.

From this equation, the additive effect between the moderator (EOI to Organizational Identity) and the independent variable (Combined Leader Behavior) can be quantified as $.293x_1 + 1.126x_2$ in relation to their contribution to the dependent variable (Merger_Performance). This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .293 units, and an increase in "EOI to organizational identity" with one unit leads to an increase in the "Merger Performance" with 1.126 units. Together, an increase in the independent and the moderating variables with one unit contributes an increase in the "Merger Performance" with 1.419 units.

The equation also signifies the variation of employees' perception of merger performance:

(1) "Merger Performance" score for department manager (Supervisor_Y_Dept_Manager) is a mean of .251 points lower than the mean values of other types of supervisor. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

(2) Whilst, "Merger Performance" score for employees working at Manufacturing & Marketing business area (BusArea_MM) is a mean of .459 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 55) indicates that model 2, which contains the independent variable (Combined Leader Behavior) and the moderator (EOI to Organizational Identity) explains 38.2% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 25.6% from model 1 to model 2 after the two variables have been added into the model. This increase value signifies a relatively strong additive effect of these variables, and that the summation of combined leader behavior and EOI to organizational identity as the leadership context contributes significantly to StaoilHydro's merger performance.

Table 58. Model Summary of Upper & Lower Quadrant Regression Analysis Result 1A

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
					Change Statistics				
1	.362^a	.131	.127	1.43455	.131	36.181	2	480	.000
2	.622^b	.387	.382	1.20769	.256	99.633	2	478	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Combined_Leader_Behavior, EOI_Org_Identity

c. Dependent Variable: Merger_Performance

7.4.4.1. ANALYSIS RESULT 1B

HIGH LEVEL OF EOI TO ORGANIZATIONAL IDENTITY

Normality Test

The histogram shown in Figure 29 displays a left-skewed distribution, because the residual is skewed to the left direction. The Normal P-P Plot displayed in Figure 30 supports the histogram result, because the pattern is not well-aligned to the 45 degree line.

Figure 29. Histogram of Upper & Lower Quadrant Regression Analysis Result 1B

Dependent Variable: Merger_Performance
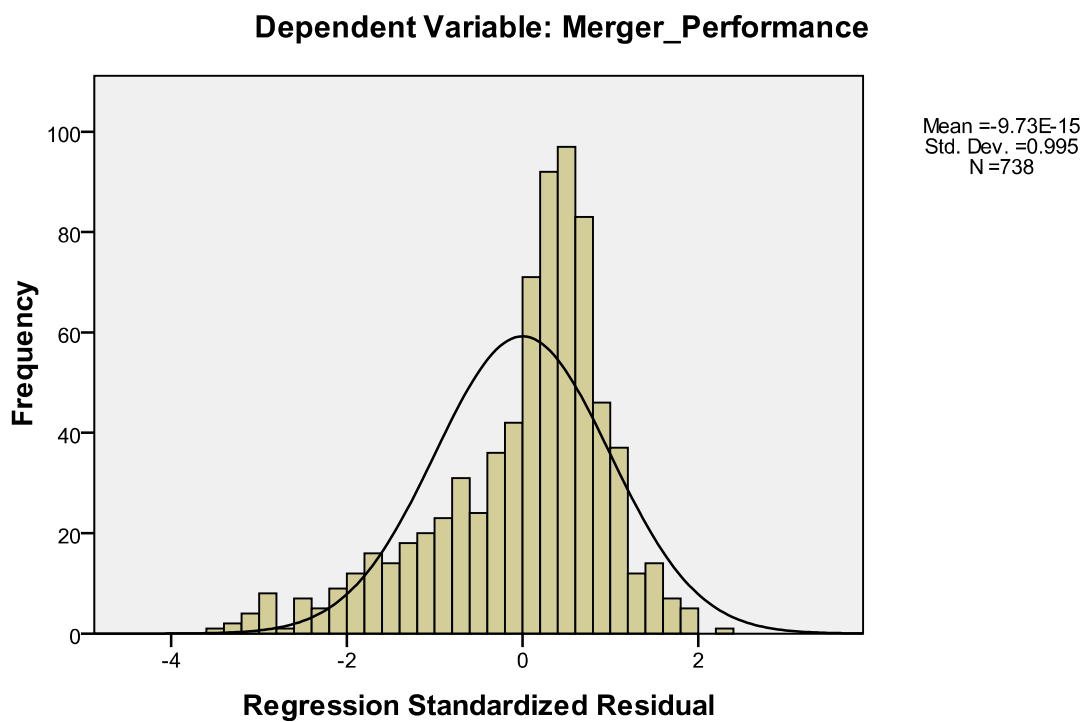
Figure 30. Normal P-P Plot of Regression Standardized Residual of Upper & Lower Quadrant Regression Analysis Result 1B

Dependent Variable: Merger_Performance

ANOVA

The p-values (Sig.) of the two models in the ANOVA table (Table 56) are less than .05, signifying that these models are meaningful and that a good fit between the models and the data exists (Janssens et al., 2008). As the ANOVA results are significant, the thesis further investigates the Coefficients table and model summary.

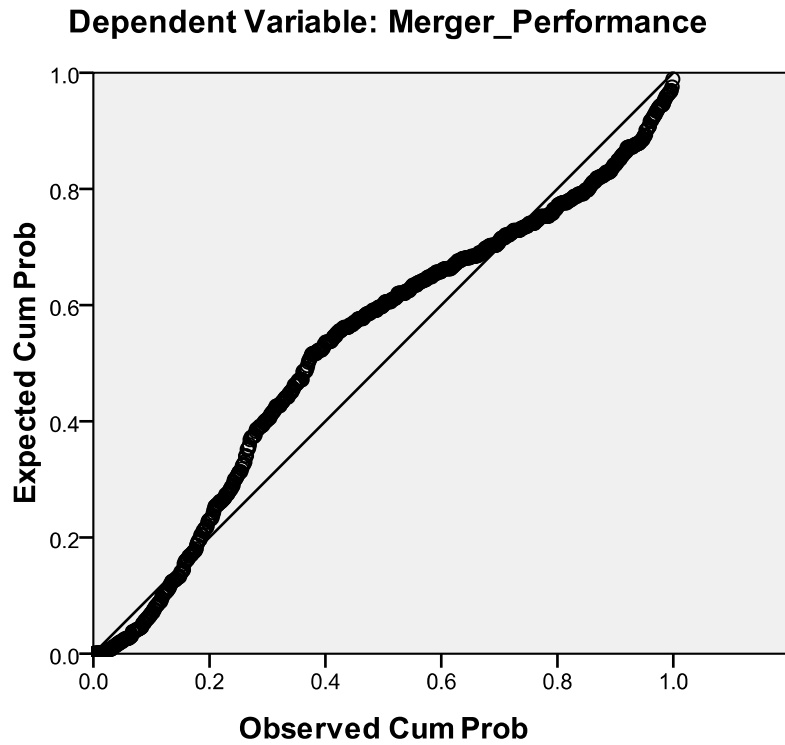**Table 59. ANOVA Table of Upper & Lower Quadrant Regression Analysis Result 1B**

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	198.485	6	33.081	13.702	.000[a]
	Residual	1764.902	731	2.414		
	Total	1963.386	737			
2	Regression	385.864	8	48.233	22.289	.000[b]
	Residual	1577.522	729	2.164		
	Total	1963.386	737			

a. Predictors: (Constant), BusArea_MM, Sex_F, Supervisor_Y_Dept_Manager, Employed_3_to_10_yrs, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Sex_F, Supervisor_Y_Dept_Manager, Employed_3_to_10_yrs, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, EOI_OI, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 2 in order to determine the significance of the independent variable (Combined_Leader_Behavior). Model 2 shows that the p-value (Sig.) of the independent variable is less than .05, so it is significant.

Since the moderating variable (EOI_Org_Identity) has a p-value (Sig.) of .508 which is bigger than .05, it is insignificant, and thus there is no additive effect between this variable and the independent variable. Furthermore, model 2 shows four insignificant control variables with p-values (Sig.) bigger than .05. All insignificant variables were deleted from the model.

Table 60. Regression Coefficients 1 of Upper & Lower Quadrant Regression Analysis Result 1B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.715	.139		33.928	.000
	Sex_F	.024	.135	.006	.179	.858
	Age_25_to_35_yrs	.122	.196	.023	.624	.533
	Employed_3_to_10_yrs	-.140	.150	-.034	-.934	.351
	Work_Statoil_Bfr_Merger	-.283	.144	-.070	-1.964	.050
	Supervisor_Y_Dept_Manager	-.348	.129	-.096	-2.705	.007
	BusArea_MM	-1.188	.150	-.282	-7.905	.000
2	(Constant)	1.546	.976		1.583	.114
	Sex_F	-.016	.129	-.004	-.128	.898
	Age_25_to_35_yrs	.143	.185	.027	.771	.441
	Employed_3_to_10_yrs	-.222	.142	-.053	-1.563	.119
	Work_Statoil_Bfr_Merger	-.189	.137	-.047	-1.384	.167

	B	Std. Error	Beta	t	Sig.
Supervisor_Y_Dept_Manager	-.299	.122	-.083	-2.446	.015
BusArea_MM	-1.244	.142	-.295	-8.735	.000
EOI_Org_Identity	.125	.189	.027	.663	.508
Combined_Leader_Behavior	.499	.069	.295	7.270	.000

a. Dependent Variable: Merger_Performance

After the deletion, MMR analysis was rerun. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 61. Regression Coefficients 2 of Upper & Lower Quadrant Regression Analysis Result 1B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.489	.072		62.651	.000
	Supervisor_Y_Dept_Manager	-.319	.126	-.088	-2.539	.011
	BusArea_MM	-1.244	.147	-.295	-8.452	.000
2	(Constant)	2.014	.275		7.336	.000
	Supervisor_Y_Dept_Manager	-.269	.119	-.075	-2.260	.024
	BusArea_MM	-1.287	.139	-.305	-9.230	.000
	Combined_Leader_Behavior	.518	.056	.308	9.305	.000

a. Dependent Variable: Merger_Performance

On the basis of the Coefficients table (Table 58), the regression model may be filled in as follows:

Equation 11. Regression Model of Upper & Lower Quadrant Regression Analysis Result 1B

$$Y = 2.014 - .269m_1 - 1.287m_2 + .518x_1 + \varepsilon$$

Y = Dependent Variable

m_1 = Control Variable 1 (Supervisor_Y_Dept_Manager)

m_2 = Control Variable 2 (BusArea_MM)

x_1 = Independent Variable

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

From this equation, the contribution of the independent variable (Combined Leader Behavior) to the dependent variable (Merger Performance) can be quantified as $.518x_1$. This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .518 units.

The equation also shows the variation of employees' perception of merger performance:

1) "Merger Performance" score for department managers (Supervisor_Y_Dept_Manager) is a mean of .269 points lower than the mean values of other types of supervisor. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

2) Finally, "Merger Performance" score for employees working at business area Manufacturing & Marketing (BusArea_MM) is a mean of 1.287 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 58) indicates that model 2, which contains the independent variable (Combined Leader Behavior) explains 18.7% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 9.4% from model 1 to model 2 after "Combined Leader Behavior" has been added into the model. This increase value indicates that combined leader behavior only contributes slightly to merger performance.

Table 62. Model Summary of Upper & Lower Quadrant Regression Analysis Result 1B

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.309^a	.096	.093	1.54737	.096	39.411	2	745	.000
2	.436^b	.190	.187	1.46548	.094	86.580	1	744	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

7.4.4.3. CONCLUSION OF ANALYSIS RESULT 1

In order to determine the existence of the moderating effect, the thesis performed a comparison between the additive effect or the sum of the significant coefficients values of the predictors in the low level vs. high level moderators. The additive effect in the low level of EOI to organizational identity is 1.419. This additive effect value signifies the sum of the individual contribution of "Combined Leader Behavior" and "EOI to organizational identity" to "Merger Performance." In the high level of EOI to organizational identity, since the moderator's coefficients value is bigger than .05. Because it is insignificant, this means that the moderator does not contribute to the dependent variable (Merger Performance). Therefore, in the high level of EOI to organizational identity, there is no additive effect, and the contribution to "Merger Performance" is only determined by the independent variable (Combined Leader Behavior), which is .518.

From the results, it is learnt that the additive effect only happens on the low level of EOI to organizational identity, and not on the high level. This means that the *low* level of EOI to organizational identity enhances the effectiveness of combined leader behavior in yielding merger performance while the *high* level of EOI to organizational identity does not have such effect. This is contradictory to the hypotheses, which suggest that it is the *high* level of EOI to organizational identity, which can enhance combined leader behavior effectiveness. In view of that, the thesis concludes that the following hypotheses are not supported.

H1a: A high level of EOI to organizational identity enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H1b: A low level of EOI to organizational identity does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

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7.4.6. ANALYSIS RESULT 2

In this section, the upper and lower quadrant multiple regression analysis was conducted on the second moderator (EOI to organizational culture). Since the moderator was categorized into low level vs. high level, there are two analysis results, each is based on:

(3) *Low* level of EOI to Organizational Culture

(4) *High* level of EOI to Organizational Culture

As the moderating effect in upper and lower quadrant multiple regression analysis can only be identified by comparing the significant coefficients values of the independent variable in the low level vs. high level moderators, the thesis will give a conclusion regarding the existence of the moderating effect only after the presentations of the low level vs. high level analysis results.

7.4.5.2. ANALYSIS RESULT 2A
LOW LEVEL OF EOI TO ORGANIZATIONAL CULTURE

Normality Test

Before examining the regression analysis results, the histogram and normal P-P plot of normality tests were examined. Figure 31 displays normal distribution because the pattern matches with the typical pattern of normal distribution represented by the bell-shape line. The Normal P-P Plot shown by Figure 32 supports the normality assumption, because the pattern is aligned almost perfectly to the 45 degree line.

Figure 31. Histogram of Upper & Lower Quadrant Regression Analysis Result 2A

Dependent Variable: Merger_Performance
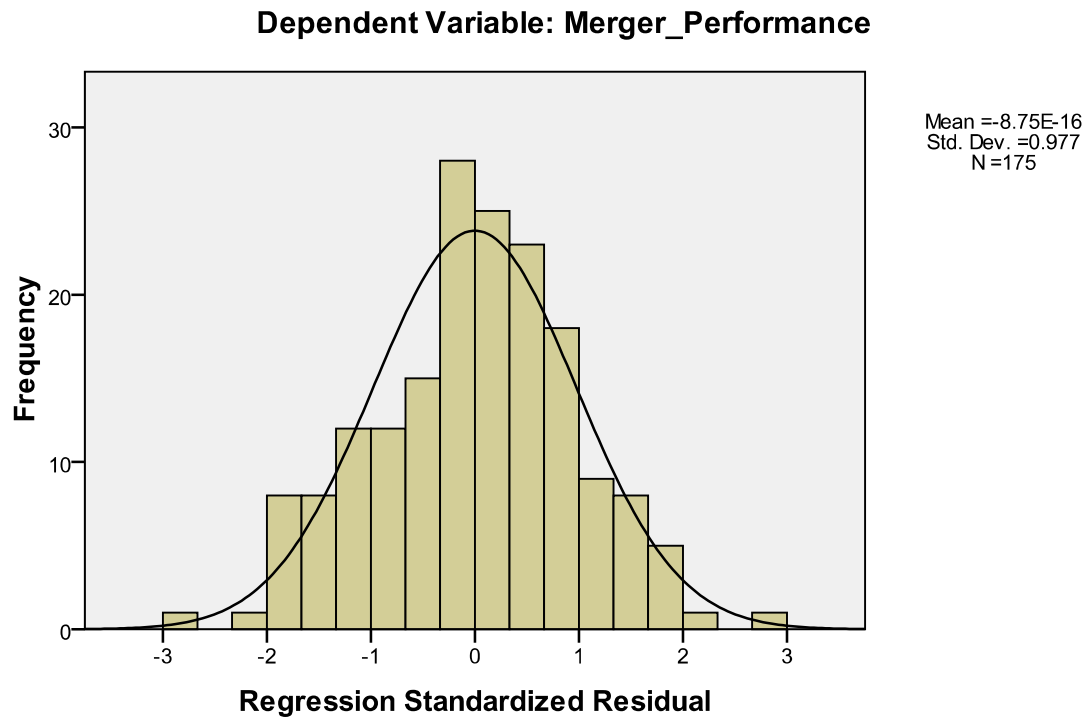
Figure 32. Normal P-P Plot of Regression Standardized Residual of Upper & Lower Quadrant Regression Analysis Result 2A

Dependent Variable: Merger_Performance

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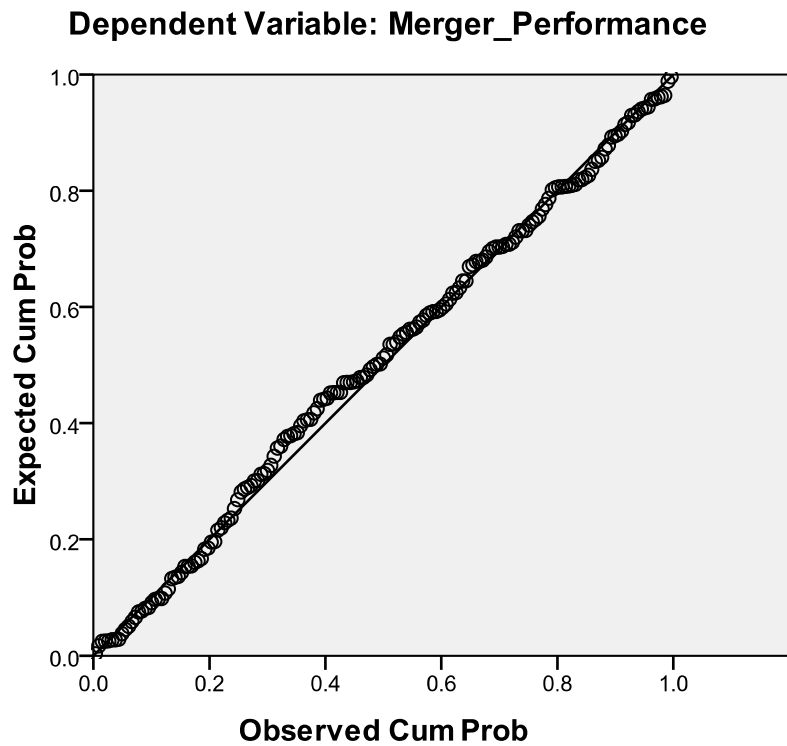
ANOVA

The p-values (Sig.) of the two models in the ANOVA table (Table 59) are less than .05. This means that these models are meaningful and that there is a good fit between the models and the data (Janssens et al., 2008). As the ANOVA results are significant, further investigation on the MMR coefficients table and model summary may proceed.

Table 63. ANOVA Table of Upper & Lower Quadrant Regression Analysis Result 2A

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.879	6	17.147	8.197	.000[a]
	Residual	351.403	168	2.092		
	Total	454.282	174			
2	Regression	159.614	8	19.952	11.240	.000[b]
	Residual	294.667	166	1.775		
	Total	454.282	174			

a. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Sex_F, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Employed_3_to_10_yrs, Sex_F, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, Combined_Leader_Behavior, EOI_Org_Culture

c. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 2 in order to determine the significance of the independent variable (Combined_Leader_Behavior). Model 2 shows that the p-value (Sig.) of the independent variable is less than .05, so it is significant.

Since the moderating variable (EOI_Org_Culture) has a p-value (Sig.) of .161, which is bigger than .05, it is insignificant, and thus there is no additive effect between this variable and the independent variable. Furthermore, model 2 shows four insignificant control variables with p-values (Sig.) bigger than .05. All insignificant variables were deleted from the model.

Table 64. Regression Coefficients 1 of Upper & Lower Quadrant Regression Analysis Result 2A

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.368	.284		11.858	.000
	Sex_F	-.142	.254	-.040	-.559	.577
	Age_25_to_35_yrs	.340	.332	.075	1.023	.308
	Employed_3_to_10_yrs	.246	.294	.060	.839	.403
	Work_Statoil_Bfr_Merger	-.195	.274	-.051	-.711	.478
	Supervisor_Y_Dept_Manager	-1.011	.228	-.313	-4.428	.000
	BusArea_MM	-1.223	.275	-.310	-4.442	.000
2	(Constant)	2.180	.673		3.239	.001
	Sex_F	-.147	.235	-.041	-.628	.531
	Age_25_to_35_yrs	.272	.307	.060	.888	.376
	Employed_3_to_10_yrs	.150	.271	.036	.552	.582
	Work_Statoil_Bfr_Merger	-.086	.253	-.022	-.339	.735
	Supervisor_Y_Dept_Manager	-1.021	.210	-.317	-4.852	.000
	BusArea_MM	-1.177	.260	-.298	-4.534	.000
	EOI_Org_Culture	-.285	.203	-.109	-1.409	.161
	Combined_Leader_Behavior	.616	.116	.405	5.309	.000

a. Dependent Variable: Merger_Performance

After the deletion, MMR analysis was rerun. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 65. Regression Coefficients 2 of Upper & Lower Quadrant Regression Analysis Result 2A

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.232	.153		21.141	.000
	Supervisor_Y_Dept_Manager	-.932	.217	-.291	-4.285	.000
	BusArea_MM	-1.208	.266	-.308	-4.538	.000
2	(Constant)	1.467	.344		4.267	.000
	Supervisor_Y_Dept_Manager	-.981	.201	-.306	-4.881	.000
	BusArea_MM	-1.223	.246	-.312	-4.973	.000
	Combined_Leader_Behavior	.505	.090	.346	5.630	.000

a. Dependent Variable: Merger_Performance

On the basis of the second Coefficients table (Table 61), the regression model may be filled in as follows:

Equation 12. Regression Model of Upper & Lower Quadrant Regression Analysis Result 2A

$$Y = 1.467 - .981m_1 - 1.223m_2 + .505x_1 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Supervisor_Y_Dept_Manager)

m_2 = Control Variable 2 (BusArea_MM)

x_1 = Independent Variable (Combined_Leader_Behavior)

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

From this equation, the contribution of the independent variable (Combined Leader Behavior) to the dependent variable (Merger Performance) can be quantified as $.505x_1$. This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .644 units.

The equation also shows the variation of employees' perception of merger performance:

1) "Merger Performance" score for department managers (Supervisor_Y_Dept_Manager) is a mean of .981 points lower than the mean values of other types of supervisor. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

2) Finally, "Merger Performance" score for employees working at business area Manufacturing & Marketing (BusArea_MM) is a mean of 1.223 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 62) indicates that model contains the independent variable (Combined Leader Behavior) explains 32.4% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 12.0% from model 1 to model 2 after "Combined Leader Behavior" has been added into the model. This increase value indicates that combined leader behavior only contributes slightly to merger performance.

Table 66. Model Summary of Upper & Lower Quadrant Regression Analysis Result 2A

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
					Change Statistics
1	.465[a]	.216	.207	1.42795	.216	24.407	2	177	.000
2	.579[b]	.336	.324	1.31822	.120	31.696	1	176	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

7.4.5.1. ANALYSIS RESULT 2B
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Normality Test

The histogram shown in Figure 33 displays a left-skewed distribution, because the residual is skewed to the left direction. The Normal P-P Plot displayed in Figure 34 supports the histogram result, because the pattern is not well-aligned to the 45 degree line.

Figure 33. Histogram of Upper & Lower Quadrant Regression Analysis Result 2B

Dependent Variable: Merger_Performance

Mean =-2.03E-15
Std. Dev. =0.996
N =1,045
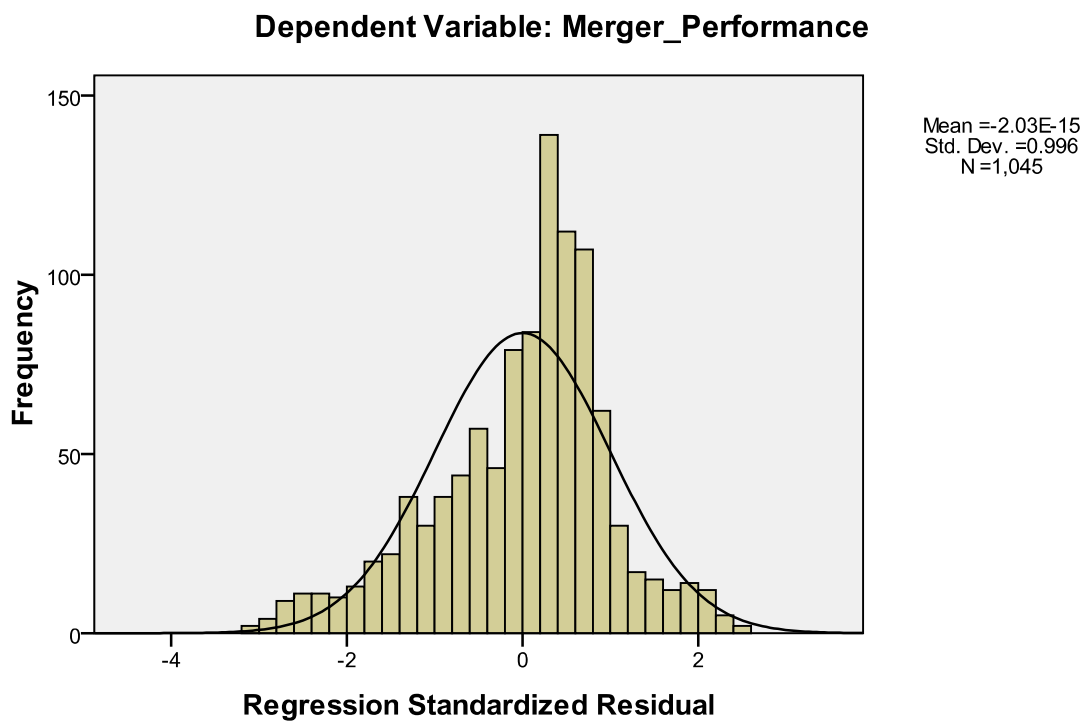
Figure 34. Normal P-P Plot of Regression Standardized Residual of Upper & Lower Quadrant Regression Analysis Result 2B

Dependent Variable: Merger_Performance
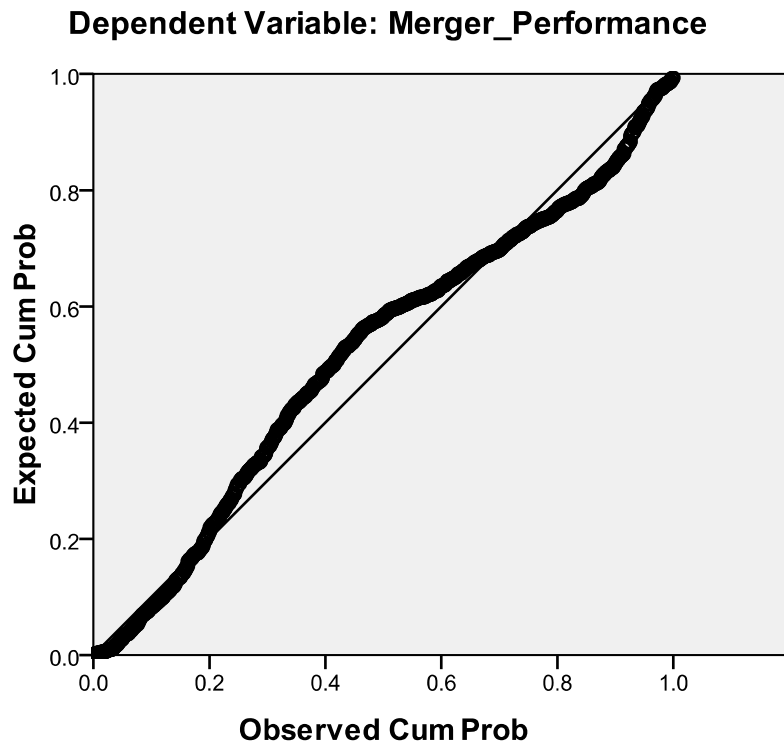
ANOVA

The p-values (Sig.) of the two models in the ANOVA table (Table 63) are less than .05, signifying that these models are meaningful and that a good fit between the models and the data exists (Janssens et al., 2008). As the ANOVA results are significant, the thesis further investigates the Coefficients table and model summary.

Table 67. ANOVA Table of Upper & Lower Quadrant Regression Analysis Result 2B

ANOVA[c]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1152.646	6	192.108	66.905	.000[a]
	Residual	2980.470	1038	2.871		
	Total	4133.115	1044			
2	Regression	1349.789	8	168.724	62.802	.000[b]
	Residual	2783.327	1036	2.687		
	Total	4133.115	1044			

a. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Sex_F, Employed_3_to_10_yrs, Supervisor_Y_Dept_Manager, Work_Statoil_Bfr_Merger, Age_25_to_35_yrs, EOI_Org_Culture, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

Regression Coefficients

From the Coefficient table below, the thesis examines the values in model 2 in order to determine the significance of the independent variable (Combined_Leader_Behavior). Model 2 shows that the p-value (Sig.) of the independent variable is less than .05, so it is significant.

Since the moderating variable (EOI_Org_Culture) has a p-value (Sig.) of .383, which is bigger than .05, it is insignificant, and thus there is no additive effect between this variable and the independent variable. Furthermore, model 2 shows three insignificant control variables with p-values (Sig.) bigger than .05. All insignificant variables were deleted from the model.

Table 68. Regression Coefficients 1 of Upper & Lower Quadrant Regression Analysis Result 2B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.808	.118		40.803	.000
	Sex_F	-.146	.122	-.032	-1.201	.230
	Age_25_to_35_yrs	-.422	.171	-.068	-2.466	.014
	Employed_3_to_10_yrs	-.082	.132	-.017	-.617	.537
	Work_Statoil_Bfr_Merger	-.227	.125	-.049	-1.811	.070
	Supervisor_Y_Dept_Manager	-.665	.117	-.153	-5.707	.000
	BusArea_MM	-2.118	.126	-.460	-16.826	.000
2	(Constant)	2.493	.998		2.497	.013
	Sex_F	-.184	.118	-.040	-1.554	.121
	Age_25_to_35_yrs	-.430	.166	-.070	-2.600	.009
	Employed_3_to_10_yrs	-.072	.128	-.015	-.564	.573
	Work_Statoil_Bfr_Merger	-.172	.121	-.037	-1.417	.157

	B	Std. Error	Beta	t	Sig.
Supervisor_Y_Dept_Manager	-.668	.113	-.154	-5.926	.000
BusArea_MM	-2.052	.122	-.446	-16.807	.000
EOI_Org_Culture	-.170	.195	-.024	-.872	.383
Combined_Leader_Behavior	.629	.076	.226	8.313	.000

a. Dependent Variable: Merger_Performance

After the deletion, the regression analysis was rerun. In the model 2 of the new Coefficient table below, the variables are all significant, because their p-values (Sig.) are less than .05.

Table 69. Regression Coefficients 1 of Upper & Lower Quadrant Regression Analysis Result 2B

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.604	.068		67.464	.000
	Age_25_to_35_yrs	-.454	.166	-.073	-2.737	.006
	Supervisor_Y_Dept_Manager	-.660	.116	-.152	-5.707	.000
	BusArea_MM	-2.169	.122	-.471	-17.752	.000
2	(Constant)	1.507	.365		4.124	.000
	Age_25_to_35_yrs	-.471	.160	-.076	-2.939	.003
	Supervisor_Y_Dept_Manager	-.663	.112	-.153	-5.930	.000
	BusArea_MM	-2.091	.118	-.454	-17.650	.000
	Combined_Leader_Behavior	.608	.071	.219	8.622	.000

a. Dependent Variable: Merger_Performance

On the basis of the second Coefficients table (Table 65), the regression model may be filled in as follows:

Equation 13. Regression Model of Upper & Lower Quadrant Regression Analysis Result 2B

$$Y = 1.507 - .471m_1 - .663m_2 - 2.091m_3 + .608x_1 + \varepsilon$$

Y = Dependent Variable (Merger_Performance)

m_1 = Control Variable 1 (Age_25_to_35_yrs)

m_2 = Control Variable 2 (Supervisor_Y_Dept_Manager)

m_3 = Control Variable 3 (BusArea_MM)

x_1 = Independent Variable

b_0 = Constant Value

b_n = Coefficient Value

ε = Error

From this equation, the contribution of the independent variable (Combined Leader Behavior) to the dependent variable (Merger Performance) can be quantified as $.608x_1$. This means that an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .608 units.

The equation also shows the variation of employees' perception of merger performance:

1) "Merger Performance" score for employees within the age range of 25 to 35 years old (Age_25_to_35_yrs) is a mean of .471 points lower than the mean values of employees within other age range. This means that employees, whose age is within 25 to 35 years old, perceive less positively than employees with other age range.

2) "Merger Performance" score for department managers (Supervisor_Y_Dept_Manager) is a mean of .663 points lower than the mean values of other types of supervisor. This means that department managers perceive less positively than other kinds of supervisor regarding StatoilHydro merger performance.

3) Finally, "Merger Performance" score for employees working at business area Manufacturing & Marketing (BusArea_MM) is a mean of 2.091 points lower than the mean values of employees working at other business areas. This means that employees at Manufacturing & Marketing

business area perceive less positively than employees at other business areas regarding StatoilHydro merger performance.

Model Summary

The Adjusted R Square value in the model summary (Table 66) indicates that model 2, which contains the independent variable (Combined Leader Behavior) explains 32.2% of the variation in the dependent variable, "Merger Performance". The R Square Change value indicates an increase of 4.8% from model 1 to model 2 after "Combined Leader Behavior" has been added into the model. This increase value indicates that combined leader behavior only contributes slightly to merger performance.

Table 70. Model Summary of Upper & Lower Quadrant Regression Analysis Result 2B

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.526^a	.277	.275	1.68920	.277	134.429	3	1052	.000
2	.570^b	.325	.322	1.63322	.048	74.346	1	1051	.000

a. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Age_25_to_35_yrs

b. Predictors: (Constant), BusArea_MM, Supervisor_Y_Dept_Manager, Age_25_to_35_yrs, Combined_Leader_Behavior

c. Dependent Variable: Merger_Performance

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7.4.5.3. CONCLUSION OF ANALYSIS RESULT 2

The upper and lower quadrant multiple regression analysis on the low and high levels of EOI to organizational culture shows that only the independent variable (Combined Leader Behavior) contributes to the dependent variable (Merger Performance). The level of EOI organizational culture does not make any difference in the result. Since there is not any contribution from the moderating variable (EOI to organizational culture) to the dependent variable (Merger Performance) in both low level and high level of EOI to organizational culture, the results provide a sufficient evidence for the thesis to conclude that only hypothesis 2b is supported.

H2a: A high level of EOI to organizational culture enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H2b: A low level of EOI to organizational culture does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

7.5. SUMMARY OF ANALYSIS RESULT

In this section, the important parts of the three types of regression analyses are presented, and in the end of the section, the thesis will make a final conclusion regarding the hypotheses testing. As a summary of the important figures, Table 13 and 14 display the Coefficients values, the Adjusted R Square values, and the R Square Change values of the three types of regression analyses.

MODERATING EFFECT

A conclusion on the moderating effect of each moderator, namely EOI to organizational identity and EOI to organizational culture is presented as follows:

EOI to Organizational Identity

Regarding the existence of moderating effect of EOI to organizational identity, the MMR result shows that the moderator does not enhance the effectiveness of combined leader behavior. This is signified with the insignificant Coefficients value (p-value (Sig.) is .151) of the moderating effect.

The MMR result is not supported by the analysis result of Split Sample Multiple Regression Analysis. The latter regression analysis shows that the low level of EOI to organizational identity enhances the effectiveness of combined leader behavior in yielding merger performance, while the high level of EOI to organizational identity does not have such effect. This is signified by the fact that the additive effect between "Combined Leader Behavior" and "EOI to organizational identity" only takes place on the low level of EOI to organizational identity, and not on the high level.

The result of Split Sample Multiple Regression Analysis is supported by the result of Upper and Lower Quadrant Multiple Regression Analysis. The last regression analysis result confirms that only the low level of EOI to organizational identity enhances the effectiveness of combined leader behavior in yielding merger performance, while the high level of EOI to organizational identity does not have such effect. Similar to the finding of Split Sample Multiple Regression Analysis, in the last regression analysis result, the additive effect between "Combined Leader Behavior" and "EOI to organizational identity" also only takes place on the low level of EOI to organizational identity, and not on the high level.

Hypotheses Conclusion

Based on the above analysis results, the thesis concludes that the following hypotheses are not supported:

H1a: A high level of EOI to organizational identity enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H1b: A low level of EOI to organizational identity does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

EOI to Organizational Culture

MMR also shows that EOI to organizational culture does not enhance the effectiveness of combined leader behavior. This is signified with the insignificant Coefficients value (p-value (Sig.) is .428) of the moderating effect.

This MMR result is supported by the analysis result of Split Sample Multiple Regression Analysis. Although the regression analysis on the low level of EOI to organizational culture shows an invalid model, the regression analysis on the high level of EOI to organizational culture does not indicate any contribution from the moderating variable (EOI to organizational culture) to the dependent variable (Merger Performance).

Supporting the findings of the previous two regression analyses, the upper and lower quadrant multiple regression analysis on the low and high levels of EOI to organizational culture shows that there is not any contribution from the moderating variable (EOI to organizational culture) to the dependent variable (Merger Performance). Under both levels of moderator, only the independent variable (Combined Leader Behavior) contributes to the dependent variable (Merger Performance).

Hypotheses Conclusion

Based on the above analysis results, the thesis concludes that only hypothesis 2b is supported.

H2a: A high level of EOI to organizational culture enhances the leadership effectiveness generated by combined leader behavior to attain merger performance.

H2b: A low level of EOI to organizational culture does *not* enhance the leadership effectiveness generated by combined leader behavior to attain merger performance.

ADDITIVE EFFECT

A conclusion on the additive effect between each moderator and the independent variable (Combined Leader Behavior) is presented as follows:

EOI to Organizational Identity

MMR result shows that there is an additive effect between "EOI to Organizational Identity" and "Combined Leader Behavior." First of all, their Coefficient values are significant. An increase in the sum of the effects of these two variables with one point contributes to an increase in the "Merger Performance" with .855 units. Furthermore, they both explain 52.1% of the variation in the "Merger Performance." These results suggest that although there is no interaction between combined leader behavior and EOI to organizational identity as the leadership context, each makes a contribution to StatoilHydro merger performance.

The additive effect shown by MMR result is specified by the Split Sample Multiple Regression Analysis. The latter regression analysis shows that combined leader behavior and EOI to organizational identification as leadership context both contributes to merger performance only when the level of EOI to organizational identification is low. An increase in both variables with one unit contributes an increase in the "Merger Performance" with 1.228 units. Furthermore, 36.4% of the R Square Change value suggests that the summation of combined leader behavior and low level of EOI to organizational identity as the leadership context contributes significantly to StaoilHydro's merger performance.

The result of the Upper and Lower Quadrant Multiple Regression Analysis supports the result of the Split Sample Multiple Regression Analysis that combined leader behavior and EOI to organizational identification as leadership context both make an individual contribution to merger performance only when the level of EOI to organizational identification is low. An increase in these variables with one unit contributes an increase in the "Merger Performance" with 1.419 units. In addition, 25.6% of the R Square Change value suggests that the summation of combined leader behavior and low level of EOI to organizational identity as the leadership context contributes significantly to StaoilHydro's merger performance.

In the Table 13 and 14, the highlighted figures illustrate the additive effects, which take place under the context of EOI to organizational identity, in particular the low level of EOI to organizational identity.

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EOI to Organizational Culture

Unlike the case of EOI to organizational identity, MMR result shows that there is no additive effect between "EOI to Organizational Culture" and "Combined Leader Behavior." This is signified with the insignificant Coefficients value (p-value (Sig.) is .231) of the moderator.

The MMR result is specified by the Split Sample Multiple Regression Analysis. The latter regression analysis identifies that combined leader behavior contributes alone to merger performance under the context of high level of EOI to organizational culture.

Aligned with the finding of the Split Sample Multiple Regression Analysis, the result of the Upper and Lower Quadrant Multiple Regression Analysis also shows that there is no additive effect between "EOI to Organizational Culture" and "Combined Leader Behavior" under the context of EOI to organizational culture. This last regression analysis shows that regardless of the level of the moderating variable, combined leader behavior contributes alone to merger performance.

COMBINED LEADER BEHAVIOR

EOI to Organizational Identity

MMR result shows that "Combined Leader Behavior" contributes to "Merger Performance." An increase in this independent variable with one point contributes to an increase in the "Merger Performance" with .395 units.

The Split Sample Multiple Regression Analysis specifies the MMR result by pointing out that combined leader behavior makes a higher contribution to merge performance when there is no contribution from EOI organizational identification as leadership context. The regression analysis shows that when the low level of EOI organizational identification also contributes to merger performance, an increase in "Combined Leader Behavior" with one unit only lead to an increase in the "Merger Performance" with .297 units. However, under the context of the high level of EOI organizational identification, combined leader behavior contributes alone to merger performance, and in this case, an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .535 units. Nonetheless, when contributing alone to merger performance, combined leader behavior is only one of the various factors that determine merger performance. In fact, there is a possibility that it is not the main factor. This is signified by the Adjusted R Square value, which shows "Combined Leader Behavior" only explains 17.2% of the variation in the dependent variable, "Merger Performance".

Similar to the finding of the Split Sample Multiple Regression Analysis, the result of the Upper and Lower Quadrant Multiple Regression Analysis also shows that combined leader behavior makes a higher contribution when EOI organizational identification as leadership context does not contribute to merge performance. The result shows that when the low level of EOI organizational identification also contributes to merger performance, an increase in "Combined Leader Behavior" with one unit only lead to an increase in the "Merger Performance" with .293 units. Yet, under the context of the high level of EOI organizational identification, when combined leader behavior contributes alone to merger performance, an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .518 units. Still similar to the result of the Split Sample Multiple Regression Analysis, when contributing alone to merger performance, the last regression analysis points out that combined leader behavior might only be a minor factor that determines merger performance. The Adjusted R Square value shows "Combined Leader Behavior" only explains 18.7% of the variation in the dependent variable, "Merger Performance".

EOI to Organizational Culture

MMR result in this case also shows that "Combined Leader Behavior" contributes to "Merger Performance." An increase in this independent variable with one point contributes to an increase in the "Merger Performance" with .644 units.

The Split Sample Multiple Regression Analysis specifies the MMR result by showing that combined leader behavior makes a higher contribution when there is no contribution from EOI organizational identification as leadership context. Under the context of the high level of EOI organizational culture, combined leader behavior contributes alone to merger performance, and in this case, an increase in "Combined Leader Behavior" with one unit leads to an increase in the "Merger Performance" with .653 units.

Under the context of EOI to organizational culture, combined leader behavior plays a more important role in connection to merger performance, compared to combined leader behavior under the context of EOI to organizational identity. The Adjusted R Square value in the model summary indicates that model 2, which contains the independent variable (Combined Leader Behavior) explains 29.9% of the variation in the dependent variable, "Merger Performance". When the level of EOI organizational culture is low, an increase in "Combined Leader Behavior" with one unit results in an increase in the "Merger Performance" with .644 units. The increase is approximately the same, namely .608 units, under the context of the high level of EOI organizational culture. The variation that "Combined Leader

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Behavior" explains in relation to the variation in the dependent variable, "Merger Performance" is also similar under the low level and high level of EOI organizational culture, namely 32.4% and 32.2% respectively.

VARIATION IN EMPLOYEES' PERCEPTION OF MERGER PERFORMANCE

The variation in employees' perception of merger performance under the influence of each moderator is presented as follows:

EOI to Organizational Identity

Under the context of EOI to organizational identity, the results of the three types of regression analyses show certain characteristics of employees who perceive StatoilHydro merger performance less positively when compared to the perceptions of other employees. These employees are the ones who worked at Statoil before the merger and presently work at the Manufacturing & Marketing business area. Furthermore, the results also show that department manager perceive the firm's merger performance more negatively compared to other types of supervisor.

EOI to Organizational Culture

Under the context of EOI to organizational culture, the results of the three types of regression analyses also show that department manager, as well as employees who worked at Statoil before the merger and presently work at the Manufacturing & Marketing business area perceive StatoilHydro merger performance less positively when compared to the perceptions of their colleagues. Furthermore, in the context of EOI to organizational culture, the results add one criterion of employees with such perception, namely employees who are 25 to 35 years old.

Table 71. Coefficients Table of Moderated, Split Sample, and Upper & Lower Quadrant Multiple Regression Analyses

	Moderated Multiple Regression Analysis		Split Sample Multiple Regression Analysis		Upper & Lower Quadrant Multiple Regression Analysis	
	Coefficients Table		Coefficients Table		Coefficients Table	
	Constant Value	Coefficients Value	Constant Value	Coefficients Value	Constant Value	Coefficients Value
EOI to Organizational Identity* Combined Leader Behavior	3.889	.460 .395				
EOI to Organizational Culture* Combined Leader Behavior	4.200	Moderator is insignificant .644				
Low Level of **EOI to Organizational Identity**** Combined Leader Behavior			-.107 .297	.931	-.157 .293	1.126
High Level of **EOI to Organizational Identity****			1.994	Moderator is insignificant	2.014	Moderator is insignificant

Combined Leader Behavior				.535		.518
Low Level of **EOI to Organizational Culture****				Moderator is insignificant	1.467	Moderator is insignificant
Combined Leader Behavior				Independent variable is insignificant		.505
High Level of **EOI to Organizational Culture****			1.273	Moderator is insignificant	1.507	Moderator is insignificant
Combined Leader Behavior				.653		.608

Note: * The variable only applies to the Moderated Multiple Regression Analysis

   * *The variable only applies to the Split Sample Multiple Regression Analysis and Upper & Lower Quadrant Multiple Regression Analysis

Table 72. Model Summary of Moderated, Split Sample, and Upper & Lower Quadrant Multiple Regression Analyses

	Moderated Multiple Regression Analysis		Split Sample Multiple Regression Analysis		Upper & Lower Quadrant Multiple Regression Analysis	
	Model Summary		Model Summary		Model Summary	
	Adj. R Square	R Square Change	Adj. R Square	R Square Change	Adj. R Square	R Square Change
EOI to Organizational Identity* Combined Leader Behavior*	Both are significant 52.1%	Both are significant 30.7%				
EOI to Organizational Culture* Combined Leader Behavior	Moderator is insignificant 30.3%	Moderator is insignificant 8.8%				
Low Level of **EOI to Organizational Identity**** Combined Leader Behavior			Both are significant 59.1%	Both are significant 36.4%	Both are significant 38.2%	Both are significant 25.6%
High Level of **EOI to Organizational Identity**** Combined Leader Behavior			Moderator is insignificant 17.2%	Moderator is insignificant 8.4%	Moderator is insignificant 18.7%	Moderator is insignificant 9.4%
Low Level of **EOI to Organizational Culture****			Moderator is insignificant Independent	Moderator is insignificant Independent variable is insignificant	Moderator is insignificant 32.4%	Moderator is insignificant 12.0%

			variable is insignificant			
Combined Leader Behavior						
High Level of **EOI to Organizational Culture**** Combined Leader Behavior			Moderator is insignificant 29.9%	Moderator is insignificant 7.8%	Moderator is insignificant 32.2%	Moderator is insignificant 4.8%

Note: * The variable only applies to the Moderated Multiple Regression Analysis

   * *The variable only applies to the Split Sample Multiple Regression Analysis and Upper & Lower Quadrant Multiple Regression Analysis

CHAPTER 8
Conclusion

The results of regression analyses show that high levels of EOI to organizational identity and EOI to organizational culture does not enhance the leadership effectiveness generated by combined leader behavior to attain merger performance. Furthermore, in contrast to the hypotheses, which claim that the high level of EOI may enhance the leadership effectiveness of combined leader behavior, the regression analyses results show that it is in fact the low level of EOI, particularly EOI to organizational identity, which enhances the leadership effectiveness of combined leader behavior. This finding may be explained by the strong influence People@StatoilHydro exerts. The fact that at StatoilHydro, employees are also being assessed based on their behavior compliance to the firm's organizational values makes People@StatoilHydro a major driving force in StatoilHydro merger integration. Accordingly, it is reasonable to assume that in this case, the contingent reward and the individualized consideration elements might occupy a large proportion in combined leader behavior compared to the group-oriented behavior element. The thesis proposed that a low EOI level does not enhance the effectiveness of combined leader behavior, because the typical element proportion of combined leader behavior places a heavier emphasis on the group-oriented behavior element and a less focus on the contingent reward and the individualized consideration elements. The reason of such proportion organization is that the contingent reward and the individualized consideration are supposed to play a supporting role to the group-oriented behavior. In other words, the acknowledgement on employees' expectations about a fair reward for good performance through the contingent reward and the individualized consideration is merely a trivial recognition. However, when a heavier emphasis is placed on the contingent reward and the individualized consideration, combined leader behavior may resemblance the interpersonal leader behavior. According to the social identity theory, the low level of EOI enhances the effectiveness of the interpersonal leader behavior. This might be the case in StatoilHydro, where a heavy emphasis on People@StatoilHydro process puts more weight on the interpersonal aspect of combined leader behavior.

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The analysis results indicate that additive effect between combined leader behavior and EOI to organizational identity generates a bigger contribution than the contribution of combined leader behavior alone. This highlights the importance of EOI to organizational identity as leadership context. Although there is no interaction between this leadership context and combined leader behavior, the summation of their individual contribution may generate a higher merger performance. The results also show that combined leader behavior makes a higher contribution to merger performance when there is no contribution from the high level of EOI to organizational identity. This may imply that when the predominant EOI in merger integration phase has reached a high level, combined leader behavior may substitute the contribution of leadership context to merger performance.

The existence of high EOI level in the early merger integration at StatoilHydro is an outstanding accomplishment of the firm's integration team. The integration team may want to keep the good work by employing some strategies that have proven effective in the initial integration phase, for example preserving employees' welfare during integration, as well as early, thorough, and open communication. The team may also need to continue monitoring the changes in employees' attitude throughout the integration course. A sign of dissatisfaction towards the firm or reluctance in endorsing organizational goal shown by employees should be tackled appropriately as early as possible. The analysis results show that compared to other employees, employees with characteristics, such as 25 to 35 years old, coming from Statoil before the merger, and working at Manufacturing & Marketing business area have a lower opinion on the current attainment of merger performances. If left alone, these individuals may develop negative subcultures. It is also worthy of note that the analysis results show that department managers perceive StatoilHydro merger performance less positively, compared to other types of leader. During merger integration, it is usually managers as change agents, who bear the responsibility of bridging the ideals of the top with the often chaotic reality of those on the front lines (Harper, 1989; Hill, 1971; Sethi, 1999). At StatoilHydro, department manager is the lowest level in the firm's management team. They serve as immediate supervisors who most probably understand well the real circumstances during the merger integration process, because they are close to the employees. Since managers are both the "object" and agency of change (Newell & Dopson, 1996), StatoilHydro should not neglect their critical role as change agents. Instead, the firm's top management team should involve department managers more in the development of merger integration strategy by regularly getting feedbacks and information concerning the frontline from these managers.

Finally, since a low level of EOI to the firm's organizational identity as a subculture is proven to enhance leadership effectiveness in achieving merger performances, such as best practice implementation and employees' welfare during integration process, StatoilHydro may make use of the heavy emphasis on the contingent reward and individualized consideration in combined leader behaviors for managing this subculture. The literature suggests that if managed properly, subcultures may become an organizational asset leading to increased creativity, beneficial diversity, or cultural tolerance (Elsass & Veiga, 1994). The contingent reward leader behavior may also provide the systems and structures beneficial for converting creative ideas into tangible products and services (Bryant, 2003). This is crucial if StatoilHydro aims to exploit the existing knowledge and expertise optimally. At the same time, leader behaviors with individualized consideration and group-oriented focus should be promoted for the sake of continuous knowledge creation and sharing (Bryant, 2003). These leader behaviors are conducive for building positive leader-employee relationship and for encouraging employees to share their ideas (Bryant, 2003). Eventually the positive relationships between leader and employees will lead to the development of an organizational climate that is receptive to innovative ideas (Bryant, 2003). Such dynamic cycle of knowledge creation, sharing, and exploitation is a powerful force that may accelerate the achievement of StatoilHydro's ultimate merger objective – synergy realization.

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CHAPTER 9
Limitation & Future Research

The thesis possesses an inherent limitation that many studies of leadership have, namely the usage of employees' perception as the main data source. The majority of leadership studies have been conducted by asking employees to report on the perceived behaviors of their leader (Hunter et al., 2007). The underlying rationale of this research methodology is that leader behaviors have an impact on employees' actions or perceptions, eventually leading to certain desired outcome (Hunter et al., 2007; Lord & Maher, 1991). Nonetheless, perceptions can only reveal a certain extent of fact, meaning that employees' perception of a leader's behaviors may not represent the actual behaviors that the leader exhibits.

In addition, many of GPS 2008 survey questions were designed based on the StatoilHydro book, in particular, the questions concerning leader behaviors, as well as organizational culture and work climate based on the firm's core values. The survey design method may cause employees to provide "socially desirable answers." This issue may be exacerbated by the fact that GPS 2008 result is one of the assessment standard of employee behavior in People@StatoilHydro process (StatoilHydro, 2007f). As a consequence, since employees are aware that GPS survey result may affect the evaluation on their behavior, they may perceive that participating in GPS 2008 can be threatening. For reasons of protecting self-interest, employees may tend to provide answers that fit with what the StatoilHydro book records, but those answers may not necessarily reflect their true opinion.

It is also worthy of note that the theory pertaining to combined leader behavior has not reached a mature state in leadership field. Despite the fact that most leaders display a mix of transformational and transactional behaviors (Bass, 1995; Bass & Steidlmeier, 1999; Conger & Kanungo, 1988; Koh et al., 1995; Waldman et al., 1990; Yammarino & Dubinsky, 1994), in the past decade, not many studies have taken this critical aspect into account when evaluating leadership effectiveness. In the field of organizational change, there are even less studies, which consider both the combined leader behavior and the impact of leadership context on leadership effectiveness. Therefore, not many relevant articles or empirical findings are available for the thesis reference. In view of that, there is a need to repeat this

type of study in the future within the same context, namely StatoilHydro merger integration, so that the thesis' current finding may be compared and evaluated. Such longitudinal study will be beneficial not only for monitoring StatoilHydro merger integration progress, but also for providing empirical evidence regarding the way different EOI level alters leadership effectiveness. As GPS 2008 survey questionnaire has not been strictly tested in terms of reliability and validity, it is advisable that future study concerning EOI level may use a tested survey questionnaire. The Organizational Description Questionnaire (ODQ) is one example of such questionnaire. ODQ was designed by Bass and Avolio (1992) to help leaders clarify the linkage between leadership and the characteristics of their organizational culture. The authors suggest that there are nine types of organizational culture, which can be detected by ODQ. Through gaining a deeper understanding on the firm's organizational culture, StatoilHydro leader may develop organizational readiness for continuous organizational learning. Since this organizational learning considers the dynamic reality within the firm, the learning and relearning processes will become parts of reorienting and transforming StatoilHydro toward a revised mission and new practices in its journey of becoming a global energy company.

Appendix

Appendix 1: Main Questionnaire of Global People Survey (GPS) 2008

PROCESS MODEL VARIABLE		SURVEY QUESTIONNAIRE
	Q1	I am able to utilize my expertise and abilities in my present position
	Q2	I receive the necessary training to handle new work tasks and responsibilities
	Q3	I am sufficiently involved in/have a say in decisions related to my work situation
EOI to Organizational Culture – Caring Value	Q4	I get support and help from my colleagues when needed
	Q5	I am familiar with the content of the StatoilHydro book
	Q6	I am familiar with relevant governing documents related to my work tasks
	Q7	In my department, tasks which could entail risk are always performed according to established procedures
	Q8	In my department the tasks and responsibilities are clearly distributed
	Q9	In the work processes I am involved in, there is a clear division of tasks and responsibilities between organisational units or involved parties
	Q10	In my area of work we are good at exchanging personnel across organizational units
	Q11	I am satisfied with my career opportunities in StatoilHydro
	Q12	Safety is well taken care of in my workplace
	Q13	I have confidence in my immediate superior
	Q14	I have confidence in the management of my business unit (BU)
	Q15	I have confidence in the Corporate Executive Committee (CEC)
EOI to Organizational Culture – Courageous Value	Q16	In my department we have a stimulating climate for new ideas and creativity
	Q17	In my department it is acceptable to challenge established truths
	Q18	In my department we make clear demands to each other
	Q19	In my department we strive to make constructive changes

	Q20	In my department we are truthful and act with integrity
EOI to Organizational Culture – Open Value	Q21	In my department we cooperate and share experiences
	Q22	In my department we communicate in an open and precise way
	Q23	In my department we give each other constructive feedback
	Q24	In my department we bring up ethical issues and challenges immediately
	Q25	In my department we deliver what we promise
EOI to Organizational Culture – Hands-on Value	Q26	In my department we continuously develop sound expertise
	Q27	In my department we strive for simplification and clarity and focus on value-adding activities
	Q28	In my department we are loyal to decisions
	Q29	In my department we demonstrate endurance and follow through
	Q30	In my department we pay attention to important details
	Q31	In my department we continuously seek business opportunities and/or operational improvements
	Q32	In my department we place considerable emphasis on being cost-effective
	Q33	In my department we are customer oriented
	Q34	In my department performance forms the basis for recognition and reward
	Q35	In my department we strive to achieve zero harm to people, prevent accidents and reduce negative effects on the environment
	Q36	In my department we comply with legal requirements and our ethical policies
EOI to Organizational Culture – Caring Value	Q37	In my department we respect the individual
	Q38	In my department we actively work to improve the working environment
	Q39	I am confident that StatoilHydro shows social responsibility wherever it has operations
	Q40	I am confident that StatoilHydro contributes to sustainable development
	Q41	In my department we have spent time discussing the meaning of StatoilHydro's values in our daily work
	Q42	It is easy to find the information I need in electronic channels, such as Entry
	Q43	I find StatoilHydro's internal information to be open and honest
EOI to Organizational Identity	Q45	In my department we do not have any "those from Hydro - those from Statoil" attitude after the merger
Merger Performance	Q46	So far, I have experienced that I have been well taken care of in the integration process
	Q47	In my department we have improved our work methods by using best practice from both merged companies (Hydro and Statoil)

	Q48	Within my discipline area, we have managed to use the best expertise from both companies
	Q49	I believe StatoilHydro will achieve the ambitions on which the merger is based
	Q51	Clear, planned goals and objectives have been defined for my job in the People@StatoilHydro dialogue
	Q52	The People@StatoilHydro process is useful when it comes to monitoring my personal development
	Q53	Tasks in my workplace are organised in accordance with the capabilities of the individual employee
	Q54	Normally I am able to complete my work tasks within normal working hours
	Q55	I have **health problems** which might derive from my work
	Q56	To what degree is your work situation affecting your personal life in a **negative** way?
	Q57	How would you assess your current workload?
Combined Leader Behavior	**Q58**	My immediate superior (manager with personnel responsibility) cares about his/her employees
	Q59	My immediate superior is good at motivating his/her subordinates
	Q60	My immediate superior is clear about performance standards
	Q61	My immediate superior provides me with constructive feedback on my work
	Q62	My immediate superior creates favourable conditions for the development of each employee
	Q63	My immediate superior is available if I want to discuss aspects of my work situation
	Q64	Special care has been taken by my immediate superior to accomplish the People@StatoilHydro process with good quality
	Q65	My immediate superior keeps me sufficiently updated on activities and priorities in the company
	Q66	My immediate superior takes the opportunities provided by the integration process to improve work methods and deliveries
	Q67	I speak of StatoilHydro to my friends as a good company to work for

Note: 1) The GPS 2008 questionnaire was misnumbered without including no. 44 and 50.
    2) Question no. 55 and 56 are recoded, because the questions contain negation.

Appendix 2: Demographic Data Frequency & Percentage

FREQUENCY (%)	DEMOGRAPHIC LABEL	FREQUENCY (%)	DEMOGRAPHIC LABEL
Gender		**Management Level of Supervisory Function**	
16,331 – 70.5%	Male	1,024 – 6.2%	Department manager or similar
16,565 – 29.5%	Female	643 – 3.9%	Sector manager or similar
Age		580 – 3.5%	Head of business unit (BU) or similar
342 – 2.1%	Below 25 years	293 – 1.8%	Head of business cluster (BC)
3,644 – 21.9%	25-35 years	53 – 0.3%	Head of corporate staff (CS)
5,726 – 34.4%	36-45 years	98 – 0.6%	Head of business area (BA)
5,836 – 35.1%	46-57 years	42 – 0.3%	CFO or head of CSO
1,017 – 6.1%	58 years and above	17 – 0.1%	CEO
Length of Employment		**Business Area**	
3,519 – 21.2%	Less than 3 years	2,875 – 17.3%	Manufacturing and Marketing
3,776 – 22.7%	3-10 years	5,278 – 31.8%	Exploration and Production Norway
9,193 – 55.3%	More than 10 years	945 – 5.7%	Natural Gas
Company Origin before Merger		1,202 – 7.2%	International Exploration and Production
2,991 – 18.0%	Hydro	1,647 – 9.9%	Global Business Service
12,664 – 76.2%	Statoil	835 – 5.0%	Projects
951 – 5.7%	Employed after the merge	1,985 – 11.9%	Technology and New Energy
Onshore/Offshore		234 – 1.4%	CFO_COA
12,877 – 78.5%	Onshore	120 – 0.7%	CSO
3,530 – 21.5%	Offshore		
Supervisory Function			
2,772 – 16.7%	Employees with supervisory position		
13, 654 – 82.1%	Pure employees		

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