

Table of Contents

1 Introduction 1

1.1 Purpose..... 1

1.2 Structure of the Thesis 2

2 Identity and Competition in an Organizational Context..... 5

2.1 Social Identity Approach..... 5

2.1.1 Historical Context..... 5

2.1.2 Social Identity Theory 6

2.1.2.1 Self-Concept and Social Identity 6

2.1.2.2 Social Comparison and Group Differentiation..... 7

2.1.2.3 Critical Evaluation of the "Social Identity Theory" 9

2.1.3 Self-Categorization Theory 10

2.1.3.1 Groups as Social Categories..... 10

2.1.3.2 Classification of Social Categories 11

2.1.3.3 Perceived Relative Deprivation 12

2.1.3.4 Critical Evaluation of "Self Categorization Theory" 14

2.1.4 Organizational Change 15

2.1.4.1 Organizational Identity and Identification 15

2.1.4.2 Foci of Identification..... 16

2.1.4.3 Sustainability during Change..... 17

2.2 The Social Identity Approach in Corporate Mergers & Acquisitions..... 18

2.2.1 Introduction to M&A 18

2.2.2 The Concept of M&A..... 21

2.2.2.1 Definition of M&A 21

2.2.2.2 Forms of M&A..... 21

2.2.3 Motivation for M&A..... 22

2.2.3.1 The Acquirer's Motivation 23

2.2.3.2 The Acquiree's Motivation 25

2.2.3.3 Mergers as Outcome 26

2.2.4 Realization of M&A Transactions 27

2.2.4.1 Pre-Merger Phase 27

2.2.4.2 Transaction Phase..... 28

2.2.4.3 Post-Merger Integration Phase 28

2.2.5 Performance Factors of M&A Projects 30

2.2.5.1	M&A Performance Measurement	30
2.2.5.2	M&A Success Rates	31
2.2.5.3	Reasons for Transaction Failure	32
2.2.6	Social Identity Approach and M&A performance	36
2.3	<i>Motivation and Competition</i>	39
2.3.1	"Division of Labor" and "Exchange" as Basic Organizational Principles	39
2.3.2	Motivation as Part of the Organizational Problem	41
2.3.3	Incentive Systems	42
2.3.3.1	Extrinsic and Intrinsic Motivation	43
2.3.3.2	Deployment of Motivational Instruments	45
2.3.4	The Motivational Aspect of Competition	46
2.3.4.1	Cooperation versus Competition	46
2.3.4.2	Measurement of Intrinsic Motivation	47
2.3.4.3	Empirical Research on the Influence of Competition on Intrinsic Motivation	48
2.3.4.4	Critical Evaluation of Empirical Research Results and Implications for Agency Theory	55
2.3.4.5	Intrinsic Rewards	57
2.3.5	Competition as a Behavioral Prescription	59
3	The Model	61
3.1	<i>Review of Existing Game Theory Literature and Identification of the Research Gap</i> 61	
3.1.1	Economic Contest Literature and Group Size	61
3.1.2	The Symmetric Winner-Take-All Contest	63
3.1.3	Identity in Economics	65
3.1.4	Research Gap	70
3.2	<i>Identity-Driven Contest with Endogenous Entry</i>	72
3.2.1	Introduction to the Basic Model	72
3.2.2	Specifications of the Basic Model	73
3.2.3	Game Structure of the Basic Model	75
3.2.4	Equilibrium Analysis	77
3.2.4.1	Agent's Utility Functions	77
3.2.4.2	Optimal Effort Levels	78
3.2.4.3	Optimal Choice of Activities	79
3.2.4.4	Optimal Choice of Social Category	80
3.2.4.5	Optimal Contest Structure	82
3.2.5	Implications of the Basic Model	84

3.3	<i>Identity-Driven Group Contest with Endogenous Entry</i>	86
3.3.1	<i>Introduction to the Extended Model</i>	86
3.3.2	<i>Specifications of the Extended Model</i>	87
3.3.3	<i>Game Structure of the Extended Model</i>	89
3.3.4	<i>Equilibrium Analysis</i>	90
3.3.4.1	<i>Agent's Utility Functions</i>	90
3.3.4.2	<i>Optimal Effort Levels</i>	92
3.3.4.3	<i>Optimal Choice of Activities</i>	94
3.3.4.4	<i>Optimal Choice of Social Category</i>	97
3.3.4.5	<i>Optimal Contest Structure</i>	100
3.3.4.6	<i>Special Case</i>	102
3.3.5	<i>Implications of the Extended Model for M&A</i>	103
4	<i>Conclusion on the Model</i>	108
4.1	<i>Capabilities of the Model</i>	108
4.2	<i>Prospects for Future Research</i>	109
A	<i>Appendix</i>	111
A1	<i>Optimal Effort Levels of Competing Agents and Proof of Proposition 1</i>	111
A2	<i>Optimal Choice of Activities and Proof of Proposition 2</i>	114
A3	<i>Optimal Choice of Social Category and Proof of Proposition 3</i>	116
A4	<i>Optimal Contest Structure and Proof of Proposition 4</i>	117
A5	<i>Optimal Effort Levels of Competing Agents and Proof of Proposition 5</i>	121
A6	<i>Optimal Choice of Activities and Proof of Propositions 6 and 7</i>	125
A7	<i>Optimal Choice of Social Category and Proof of Proposition 8</i>	130
A8	<i>Proof of Proposition 9</i>	133
B	<i>Model variables</i>	135
B1	<i>Basic Model</i>	135
B2	<i>Extended Model</i>	135
	<i>Bibliography</i>	137