2 Identity and Competition in an Organizational Context

2.1 Social Identity Approach

As already emphasized in the introduction to this thesis, the model presented is based primarily on the structure of the economic identity models developed by Akerlof and Kranton. Their prototype model provides the structure of a contest model resulting in an overall framework within which to focus on the behavior of people who regard competitive behavior as part of their self-concept. In their models Akerlof and Kranton refer to the work of Tajfel and Turner, known as the “Social Identity Approach”. Since this research stream forms an integral part of the model presented as well as being key to the evaluation of M&A success factors, the following chapter provides a comprehensive summary of its most important elements.

2.1.1 Historical Context

The “Social Identity Approach” (SIA) was developed by Tajfel and Turner in the early 1970s as part of their research on inter-group processes. Tajfel's research was strongly influenced by impressions of the Holocaust as he tried to re-unite children from concentration camps with their families in the early post-war years. At that time, social psychology was dominated by the question of how group membership leads to violence and what sanctions are possible. Before SIA was developed, social psychology mainly took an individualistic view that considered social behavior to be “either the aggregation of individual states or inter-individual actions.”

Although studies focusing on the manipulation of inter-group relations by grouping people in such a way as to generate hostility were already being carried out as early as the 1950s, Tajfel and Turner were the first researchers to focus specifically on the conditions underlying such transformations. The conclusion they drew from their studies was that people’s self-concept and motivation were based on their sense of identity. People’s behavior was no longer seen to be determined only by their profession, it also differed depending whether the person was a man or a woman. Insistence on the social context is one of the most important elements used in SIA to explain socio-psychological processes. As discussed later, this is the element to which Akerlof and Kranton refer when they enhance economic utility functions with identity-driven aspects.

As elucidated in the above paragraph, Tajfel and Turner defined a fundamental new approach to social psychology and indeed the “SIA is, by now, probably the dominant way of addressing group processes in psychology.” Their theory has been applied to many types of

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3 Reicher S. et al., 2010, 46
4 Cf. Reicher S. et al., 2010, 46 f.
5 Reicher S. et al., 2010, 56
groups, as it provides a powerful and long-range framework. However, a long-range approach risks being cited to explain almost everything in social psychology. Aware of such tendencies, Reicher, Spears and Haslam in 2010 published a comprehensive summary accentuating the tenets of SIA and differentiating it from other theories. “Most importantly, the SIA seeks to address how psychological processes interact with social and political processes in the explanation of human social behavior. It seeks to work with, rather than to supplant, other disciplines and accepts that much of the explanation of action is not psychological at all.”

The SIA as it is known in the research literature, describes a family of socio-psychological theories and comprises both the “Social Identity Theory” and the “Self Categorization Theory”. An introduction to both of these theories will be given in the following chapters.

2.1.2 Social Identity Theory

2.1.2.1 Self-Concept and Social Identity

The “Social Identity Theory” (SIT) was the first of the two above-mentioned SIA approaches and was developed by Tajfel in 1971 after completion of his “minimal group studies”, which are among the most famous of all socio-psychological studies.

In these studies, Tajfel divided schoolboys into separate groups and asked them to distribute rewards among the various individuals. Although there was no former relationship between the boys, the mere knowledge of belonging to one of the groups led to a tendency among the participants to prefer members of their own group. One of the most provocative findings was that simply dividing people into different groups can lead to antagonism. Based on his findings, Tajfel concluded that behavior is dependent on people’s self-definition with regard to their social membership. “We can only understand why allocation to ostensibly meaningless groups should affect behavior if we start by assuming that people come to define their selves in terms of group membership.”

This means that the membership itself has a certain value within the self-definition of an individual. If membership becomes a “distinguishing feature” it has certain consequences. Tajfel defines these consequences as “Social Identity” and thus as that part of the self-concept that results from the knowledge that one is a member of a specific social group and from the value and emotional meaning associated with this membership.

6 Cf. Reicher S. et al., 2010, 45 f.
7 Reicher S. et al., 2010, 45
8 Reicher S. et al., 2010, 48
9 Tajfel admits that this definition is very limited and that “Social Identity” describes only part of the person’s self-concept and is far less complex. “Social Identity” is only an “abbreviation” used for analyzing limited aspects of the self-concept that are relevant when describing social behavior. Nevertheless, it fully meets his needs, as he focuses mainly on social circumstances and not on the analysis of complete individual personalities.
10 Cf. Tajfel H., 1982, 102