

## The Impact of Leadership and Change Management Strategy on Organizational Culture and Individual Acceptance of Change during a Merger

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### **ABSTRACT**

This article reports a longitudinal study that examined mergers between three large multi-site public-sector organizations. Both qualitative and quantitative methods of analysis are used to examine the effect of leadership and change management strategies on acceptance of cultural change by individuals. Findings indicate that in many cases the change that occurs as a result of a merger is imposed on the leaders themselves, and it is often the pace of change that inhibits the successful re-engineering of the culture. In this respect, the success or otherwise of any merger hinges on individual perceptions about the manner in which the process is handled and the direction in which the culture is moved. Communication and a transparent change process are important, as this will often determine not only how a leader will be regarded, but who will be regarded as a leader. Leaders need to be competent and trained in the process of transforming organizations to ensure that individuals within the organization accept the changes prompted by a merger.

Acquisitions, mergers and change have been an ongoing part of the operational strategy of many organizations for years, and have proven to be a significant and popular means for achieving corporate diversity, growth and rationalization (Cartwright and Cooper, 1992). In this post-modern era, organizations have to deal with as much chaos as order and change is a constant dynamic (Berquist, 1993). Organizations operating within the higher education sector have been no exception.

The organizational culture literature reminds us that a wide range of factors affect organizational change as produced during a merger, and that those leaders hoping to initiate organizational change and generate follower acceptance face a daunting task (Michaela and Burke, 2000). The challenge is to select a set of actions that are achievable within the capacity of the organization to absorb change and resource constraints. Early research building upon the 'great man' theory of leadership (Judge et al., 2002) found that the situation also plays a vital role in determining leader effectiveness and that, to be effective, leaders must behave differently in different situations (Stogdill, 1974; Yukl, 2002).

Much has been written about leadership qualities and types of leadership (e.g. Bass and Avolio, 1994; House, 1996; Conger and Kanungo, 1998). Bass (1985) suggests that leaders must promote change by creating vision. Theories of transformational leadership and organizational change emphasize that change is accomplished through the leader's implementation of a unique vision of the organization through powerful persuasive personal characteristics and actions designed to change internal organizational cultural forms and substance (Bass and Avolio, 1994; Hatch, 1993; Porras and Robertson, 1992). Kouzes and Posner (1987, p. 30) suggest that, when facing significant change, 'Leadership is the art of mobilizing others to want to struggle for shared aspirations'. Leaders therefore must be skilled in change management processes if they are to act successfully as agents of change and motivate others to follow (Van Knippenberg and Hogg, 2003).

Weber (1978) attributed cultural change to 'charismatic interventions of a unique and idiosyncratic sort' and emphasized leadership and its power bases and interests. Fishman and Kavanaugh (1989) suggest that the culture of an organization and how people respond to change and innovation is shaped substantially by the behaviours of the leader. More broadly, organizational leaders are a key source of influence on organizational culture (Schein, 1992). According to Mumford et al. (2002), organizational climate and culture represent collective social construction over which leaders have substantial control and influence.

Because leadership is pre-eminently a group process (Chemers, 2001), social identity theorists (Haslam and Platow, 2001; Hogg and Terry, 2001; Hogg and van Knippenberg, 2003) would argue that a shift from the personal towards the relational (group) level of identity is appropriate in an analysis of leadership in organizational contexts particularly after a merger (van Knippenberg and van Leeuwen, 2001). Social identity theory focuses on the notion of the self concept –referred to as social identity – that derives from memberships in social groups and contrasts with personal identity, which reflects a person's characteristics as a unique individual (Hogg, 1996; Hogg and Abrams, 1988; Tajfel and Turner, 1979). Van Knippenberg and Hogg (2003) and van Dick (2004) argue that in high salience groups with which people identify strongly, leadership effectiveness is significantly influenced by how prototypical of the group the leader is perceived to be by the members. While the social identity perspective may be an important one when examining leadership and power, it is by no means the only perspective.

Nonetheless, the influence of leaders rests on how others regard them. According to Weber (1978, 1996), leaders in this sense are lent prestige when employees believe in them and what they are doing, and are willing to accept their decisions. Conger and Kanungo (1988) and Kotter (1988) stress in particular that leaders need to understand that management refers to processes of planning, organizing and controlling; while leadership is the process of motivating people to change. Amabile (1998) has suggested that, by influencing the nature of the work environment and organizational culture, leaders can affect organizational members' attitude to work related change and motivation. The challenge then is to select a set of actions that are feasible within the capacity of the organization to absorb change and manage resources.

The study we report here builds on extant literature to develop propositions about the impact of leaders and leadership on the ability of individuals to accept change. Change management strategies and the effects of shifts in organizational culture are examined as moderating variables. This is a longitudinal study that addresses a gap in the literature on leadership in merger-evoked change and places emphasis on people, as individuals, as being essential to the outcome of any merger process. Our results suggest that changing an organization boils down to directing energy and effort towards four identifiable aspects of organizational life: (1) the behaviour of institutional leaders; (2) the selection and execution of appropriate management strategies (particularly change management strategies); (3) an understanding of the organization's basic structure, systems, and formal processes (culture); and (4) actions taken by leaders affecting acceptance of change by individuals who play key roles in both formal and informal systems (see also Nadler, Thies and Nadler, 2001). We argue further that there has not yet been sufficient critical analysis of the role of leadership in terms of adoption of change management strategies or, of the consequences that cultural shifts caused during a merger place on individuals and ultimately their acceptance of change. We examine how leaders are perceived during a merger change process and explore the leadership qualities and styles which motivate acceptance of change by individuals. These arguments give rise to the model depicted in Figure 1.

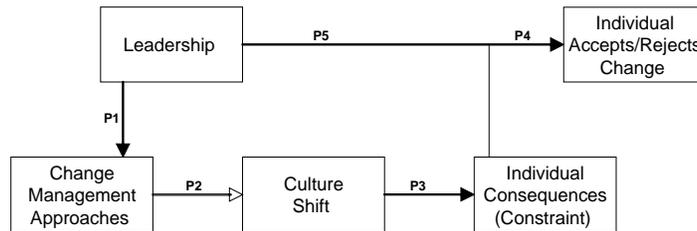


Figure 1: Causal Model of Leadership Influence and Individual Acceptance of Change

## THEORETICAL BACKGROUND AND PROPOSITIONS

### Change management approaches

Mergers are highly complex events with a seemingly infinite number of factors that can lead to success or failure. Because they influence so many parts of the participating organizations in such fundamental ways, mergers represent a very difficult organizational change process. In fact, in most cases mergers and acquisitions do not seem to lead to higher performance (Agarwal and Jaffe, 2000; King et al., 2004). In spite of a large body of literature on the subject, we still know very little about approaches that lead to success during organizational change as prompted by a merger (Hitt, Harrison and Ireland, 2001).

Nadler, Thies and Nadler (2001) suggest that, for effective change to occur, and in particular cultural change, there is no substitute for the active engagement of the CEO and executive team. Top leaders must assume the role of chief architect of the change process. Cartwright and Cooper (1993) take this one step further by suggesting that it is important that employees at all levels become involved in the integration or change. One of the most common difficulties stems from what might be called 'cultural differences'. Cartwright and Cooper further suggest that concentrating efforts at senior management level only can lead to the emergence of several cultures throughout the organization, cultural collisions and slow cultural adaptation within the organization.

Ashkanasy and Holmes (1995) supported this view, highlighting the need for management to take account of human and cultural factors in mergers and for management to adopt a proactive approach to reintegration following mergers. Moreover, as Argyris (1993) has warned, problems will arise when management espouses desired values, but behaviours demonstrate the values are not rewarded. Jung (2001) also views managers as playing key roles in developing, transforming and institutionalizing organizational culture, while Schein (1992) argues that as leaders communicate what they believe to be right and wrong, these personal beliefs become part of the organization's culture.

Pondy and Huff (1988) suggest that the implementation of any change process often flounders because it is improperly framed by top management. Weber and his colleagues (see Weber 1989, 1996; Weber, Schweiger and Lubatkin, 1992) examined top management teams within merging organizations and looked at the interrelationships between cultural differences, levels of integration and coordination, inter-group tension, employee attitude, commitment and cooperation.

This research indicates that, when cultural differences between the top management teams as perceived by the non-dominant partner exist, greater human resource problems will be experienced by the acquiring organization. Managers will need to be skilled in relinquishing and helping others relinquish past values that are not in tune with the current, shared vision of future organizational arrangements (Whitely, 1995).

Consideration of the human factors involved should guide the implementation of any change process. Pondy and Huff (1988) and Albert (1992) argue that framing strategies affect cognitive acceptance of organizational change. Reger et al. (1994) suggest that programmes presented as radical departures from an organization's past fail because the cognitive structures of members constrain their understanding and support of the new initiatives.

The key to choosing the right approach to culture change is thus to keep in mind how organizations function. As social systems comprising work, people, formal and informal systems, organizations are inherently resistant to change and designed to neutralize the impact of attempts at change. Leaders play a critical role in selecting and planning appropriate change management approaches. This analysis leads to the following proposition:

P1: Change management processes selected by leaders will have a significant effect on how leadership of change is perceived by individuals.

### **Managing shifts in organizational culture**

Organizational cultures are neither uniform nor static. They evolve over time, and so it seems reasonable to posit that all cultural systems will exhibit continuous, incremental changes punctuated on occasion by more episodic, radical change (Watzlawick et al., 1974; Weick and Quinn, 1999). Mergers and acquisitions represent sudden and major change and generate a great deal of uncertainty (Davy et al., 1988). How change occurs within organizations will be influenced by the fact that cultures are underpinned by deep assumptions that are patterned and shared (Schein, 1992). Sathe and Davidson (2000) suggest that evidence clearly supports the fact that culture change consists of changing people's minds as well as their behaviour. The manner in which the culture change for each individual is evoked also has a significant impact on the result and the consequences for each individual.

A parallel one-sentence definition of culture (Burke, 1994) emphasizes the meaning of events that are occurring in the workplace, and how these events influence how competitive threats are assessed or new ways of doing things are introduced. Hatch's (2000) model of organizational culture change emphasizes the roles of both leaders and followers in creating and changing organizational culture. In this respect, and as Michela and Burke (2000) emphasize, to change culture, one must first understand it. Arriving at a decision about the right amount of pressure to be applied to achieve a change in culture is a balancing act described by Amabile (1998). On the one hand, some amount of time pressure and possibly competition appears to be facilitative; on the other, too much pressure appears to lead to unimaginative solutions. An organization's core values and strategic objectives will impact on individuals' perceptions of their environment (Michela, Lukaszewski and Allegrante, 1995).

The role of the leader in adapting culture was discussed by Ott (1989), who suggested that this may be done through a number of processes including staff selection, socialization, removal of deviating members, cultural communication mechanisms and role modelling of appropriate behaviours. Gregory (1983) and Meyer (1982) supported this view and suggested that when the external environment is subject to frequent change, a strongly homogeneous culture may make it difficult for the organization to adapt and therefore strategies such as those suggested by Ott are appropriate. Another important issue associated with cultural differences in mergers is the high rate of executive turnover following mergers (Krug and Hegarty, 1997). Weber (1996) thinks that a top executive's role as the main source of information is conferred by their significant role in shaping and transmitting culture. Cultural differences, particularly at the top management level, are most likely to influence how the change is managed and the merging organizations' ability to realise a successful merger.

Goffee and Jones (2001) suggest that cultural change may often occur as subtle shifts within, rather than between, elements that characterise a particular culture. Martin (1992, 2002) advocates a three-perspective view of organizational culture (integrated, differentiated and fragmented), suggesting that all three views might exist in an organization at the same time. This is particularly true when the change management strategy involves approaching change in each segment of the organization differently leading to our next proposition:

P2: Different change management strategies will affect individual's perceptions about changes in organizational culture during a merger.

### Consequences for individuals

It is well established that organizational change such as a merger may create job insecurity and threats to individual self-esteem and wellbeing (Callan, Terry and Schweitzer, 1995; Terry, Carey and Callan, 2001). Buono, Bowditch and Lewis (1985) suggest that the subjective impressions or perceptions of the individuals involved should be the primary focus in studies of organizational culture and of the changes that occur during and after mergers. Schuler and Jackson (2001) emphasize the importance of people in the process of synergy realization following a merger, indicating that a substantial number of merger failures can be traced to neglected human resources issues. Ivancevich, Schweiger and Power (1987) summarize by suggesting that an individual's appraisal of the effect of a merger and how it is managed will be in terms of its effect on the individual themselves, such that (1) irrelevant appraisal will lead to the individual being unaffected; (2) positive appraisal will create challenging opportunities for the individual; and (3) negative appraisal will cause the individual to feel threatened and often to suffer harm or damage.

Research literature into mergers or amalgamations (for example, Nahavandi and Malekzadeh 1988; Schweiger and DeNisi 1991; Sinetar 1981) has indicated that merging firms, and the individuals within them, experience a process of stressful destabilization, and the effects of this must be dealt with if the merger is to be successful. The results of empirical research carried out by Panchal and Cartwright (2001) support the assertion of elevated stress levels following mergers and acquisitions and a series of dysfunctional individual outcomes. In the present study, individuals were asked to comment on the effect of the merger on themselves as individuals.

Generally, in times of organizational crises such as a merger, most organizations will, to some extent, tighten control to effect change and place a greater degree of constraint on the individuals involved. Cartwright and Cooper (1992, 1996) have suggested that the degree of constraint placed on individuals when a change from one culture type to another is in progress, will depend on the types of cultures being merged. They relate this to the four culture types (power, role, task/achievement and person/support) proposed by Harrison (1972) and suggest that merging some of these forms of culture is likely to make for an easier transition than the blending of others. The direction of the change in culture will affect the level of constraint placed on individuals.

Cartwright and Cooper (1996) suggest that during times of organizational change, such as rapid growth or a merger, most organizations will move to tighten control by imposing a greater level of constraint on individuals and reducing the freedom individuals have to make decisions about aspects of their life. They proposed a continuum as illustrated in Figure 2, to highlight the relationship between cultural types and the effect on the levels of autonomy or constraint that each culture type placed on individuals (p. 80).

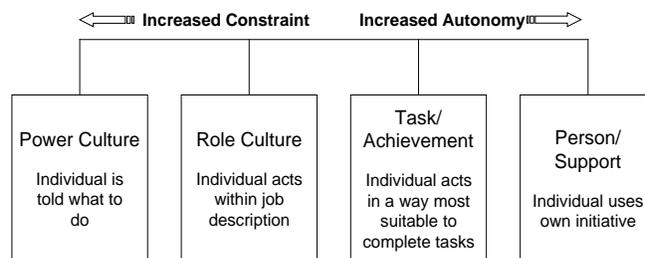


Figure 2: Relationship between culture types and individual consequences in terms of constraint/autonomy

Galbraith (1977) adds to this model by suggesting that, for an individual, there are two basic types of motivation that can be provided by leaders: extrinsic and intrinsic. Selecting the right one is critical, especially in times of extensive change such as that which occurs during a merger. Extrinsic motivation results when individual behaviour is a result of factors external to the individual such as power exercised by leaders to bring about behaviour, pressure to perform or direction with reference to role. This form of motivation results in individuals feeling compelled to engage in behaviour for an outside source. In terms of the model in Figure 2, forms of extrinsic motivation are often associated with shifts in the culture to the left of the continuum imposing greater constraint on individuals. Intrinsic motivation is associated with active engagement in tasks because people find them interesting and is associated with an individual's need for competence, autonomy and relatedness. As such, intrinsic motivation in the workplace is associated with some degree of autonomy or self management and a sense of satisfaction associated with performing the task. Therefore, forms of intrinsic motivation are more likely associated with shifts in the culture to the right of the continuum granting greater autonomy to individuals. The proposition that flows from this is:

P3: When the consequence of organizational culture moves is greater constraint for individuals, individuals will be more negative about the change process.

### **Acceptance of change**

Corporate leaders often encounter resistance to their efforts to redirect an organization. Davy et al. (1988) suggest that 'the only thing certain about organizational acquisitions (and change) is that nothing is certain' (p. 58). Furthermore, they estimate that 'employee problems' are responsible for between a third and half of all merger failures. Therefore, the underlying causes of employee resistance need to be studied carefully and understood fully if improved merger outcomes are to result.

When cultural change occurs, employees become aware that the measuring tools for performance and loyalty have changed suddenly. This threat to old corporate values and organizational lifestyles leaves organizational members in a state of defensiveness accentuated by low levels of trust within the institution and cultural shock. Mirvis (1985) suggest further that employee reactions pass through four stages: (1) disbelief and denial, (2) anger, then rage and resentment, (3) emotional bargaining beginning in anger and ending in depression, and finally (4) acceptance. Unless these different stages are recognized and dealt with astutely, employees will resent change, will have difficulty reaching the acceptance stage, and the risk of merger failure is increased significantly.

According to Nadler, Thies and Nadler (2002), too many leaders make the mistake of thinking they can change individual behaviour in an organization by changing its culture. Valikangas and Okumura (1997) argue that the fact that individuals resist change is partly as a result of the leader's failure to grasp what motivates followers to change their behaviour. As a result mergers are often associated with high turnover and reductions in innovation (Hitt et al., 1991). Valikangas and Okumura advocate that one of the strongest motivations and sources of power for leadership is internalization, i.e. the acceptance of leadership influence that is congruent with the behavioural motives of followers. Change that is executed by coercive power or for calculated expected gain in certain roles is not likely to be sustained.

An individual's reaction to change will be influenced by situational appraisals that will reflect the individual's cognitive evaluation regarding how a situation or event will affect his or her level of wellbeing (Lazarus and Folkman, 1984). Because it is rare for two companies that merge together to be of equal status (van Oudenhoven and de Boer, 1995) an accentuation of inter-group status differences may arise. This may result in employees of a low status pre-merger organization being most threatened by the merger situation, resulting in more negative responses to the merger than members of the high-status organization (Terry and O'Brien, 2001). Covin, Sighetler, Kolenko and Tudor (1997) suggest that individuals of an acquired firm will feel the impact of a merger more strongly with associated specific behavioural and attitudinal outcomes. For example, individuals from an 'acquired firm' in a merger may suffer from feelings of worthlessness and may feel inferior because of loss of autonomy and status (Schweiger, Ivancevich and Power, 1987). An individual's emotional or affective experience during a change process impacts their commitment to facilitating a successful organizational change and their behavioural contributions to the change effort (Huy, 2002). Specifically, individuals' positive affective reactions to change positively influence commitment to change and cooperative behavioural support for change (Herscovitch and Meyer, 2002). On the other hand individuals' negative affective reactions to change positively influence behavioural resistance to change.

In summary, during times of change, it is important that the leaders of the organization create an atmosphere of psychological safety for all individuals to engage in the new behaviours and test the waters of the new culture. Individuals need to be involved in order to verify for themselves the validity of the new beliefs and values, to examine consequences for themselves as an individual and, to explore how they personally can contribute to the change effort (Zammuto, Gifford and Goodman, 2000). This leads to our fourth proposition:

P4: Level of acceptance of the merger process will be related to consequences that result for individuals as a result of how the process is lead.

### **Individual perceptions of leadership during change**

The attempt to move an organization's culture, even a department's culture, to a new value or belief is one of the greatest challenges facing any manager, and the temporal dimensions (those indoctrinated over time) of culture (Bluedorn, 2000) may be the hardest of all to change because they represent the culture's most fundamental values and beliefs.

In most mergers, change is often imposed on the leaders themselves. Despite this, leaders must act as agents of change (Van Knippenberg and Hogg, 2003) prompting others to follow. Champy (1995) notes that successful re-engineering requires that managers 'discard the fantasy of a corporate culture of reflexive obedience and undertake the hard work of creating a culture of willingness and individual accountability' (p. 29). This process takes time, and it is often the pace of change that inhibits the successful re-engineering of the culture.

Schein (1985) also highlighted the role of the leader in creating and managing organizational culture and suggested that, when a culture becomes dysfunctional as a result of change, it is the leader who must act to assist the group to unlearn some of its cultural assumptions and to learn alternative assumptions. Schein (1985) did, however, recognize that the formation of a strong leader-dominated culture may not be effective if external realities should change. In such cases, he suggests that a flexible, loosely applied culture, based on some diversity of assumptions, and possibly involving the existence of a number of subcultures, may prove more effective.

Trice and Beyer (1993) suggest that consensus and transactional leaders are most effective at integrating cultures. For this to occur, participants must feel that they are consulted and involved as part of the decision-making process. Indeed, it is well accepted that communication is the key tool within any change process and that failure to communicate generally results in individuals feeling uncertain and anxious about their future (Kanter, Stein and Jick, 1992).

Amabile (1998) recommends 'a constant, constructive, less formal exchange of information about a project's progress on the part of all team members and management' (p. 149). Peterson and Smith (2000) suggest that in any analysis of change in organizational culture 'the powerful social actors who seek to influence which meanings prevail' (p. 114), cannot be ignored. Weber (1978) attributed cultural change to unique and idiosyncratic charismatic interventions, and emphasized leadership and its power bases and interests. According to Weber's (1978) theory of domination, those in power have more opportunity to realize their values and assumptions when changes occur, than those not in power. Organizational changes that enhance the horizontal flow of information and empower employees to make decisions are critical to gaining the benefits of any innovation or change (Zammuto, Gifford and Goodman, 2000).

Fishman and Kavanaugh (1989) suggest that the behaviours of the supervisor, such as listening fully and giving recognition or otherwise being positive about employees' attempts at contributions during the change process, will determine how individuals respond to the process. Bass and Avolio (1994) and Conger and Kanungo (1987) claim that transformational leadership is the key to describing how organizational cultures are created and maintained. Indeed, Avolio and Bass (2002) demonstrate that employees' affective reactions to change are significantly related to transformational leadership behaviour such as inspiring others and creating and communicating a vision and direction.

Fry (2003) examined leadership as motivation to change and concluded that, to motivate followers, leaders must get in touch with their core values and communicate them to followers through vision and personal actions. Studies have found that leaders who display transformational leadership behavioural components (inspirational motivation, intellectual stimulation, idealized influence and individualized consideration) are able to realign their followers' values and norms, promote both personal and organizational changes, and help followers to exceed their initial performance expectations (House and Shamir, 1993; Jung and Avolio, 2000). Several reasons support the expectation that transformational leadership would enhance employee ability to accept change. First, transformational leaders go beyond exchanging contractual agreements for desired performance by actively engaging followers' personal value systems (Gardner and Avolio, 1998). Second, transformational leaders serve as role models to stimulate followers to think about existing methods in new ways and encourage them to challenge their own values, traditions and beliefs (Hater and Bass, 1988).

In summary, leadership is essentially a process of social influence in which individuals want to feel included, supported and reinforced, especially during change. Relations between individuals and their leader will affect perceived leader effectiveness. As such, an understanding of such relations needs to address issues of the individual's self-concept. Markus and Wurf (1987) suggested that core aspects of the self are relatively stable across situational constraints, but many peripheral aspects such as organizational culture and leadership practices may be fairly constraining factors that affect consequences for individuals and therefore their perceptions of the leader. Thus our fifth and final proposition is:

P5: Leaders will be perceived in a positive manner when consequences for individuals involved in the change process are positive

## Methods

We conducted a cross-institutional study involving data collection from three universities that merged with several other colleges of advanced education. A large longitudinal quantitative study was conducted across all campuses of the three universities involved over a period of six years. This was followed by a qualitative study across participants of all campuses of the three universities. The three universities were selected because of similarities in terms of location, the number of merging partners involved and the fundamental differences that existed between them in terms of size, orientation, length of existence and the manner in which each institution approached the merger/change process.<sup>1</sup>

Triangulation (Jick, 1979) involving both quantitative and qualitative data-collection methods was used to maximize the possibility of accessing valid and reliable information from subjects across the three institutions as illustrated in Table 1. This method of data triangulation ensured reliability in terms of data collection and analysis.

Table 1: Data Collection Schedule for the study

Survey	Location	Method	Subjects
Survey 1	Institution 1 - 4 sites 2 - 4 sites 3 - 5 sites	Quantitative Field Study Questionnaire	540 academic staff - 203 responses (38% response rate)
Survey 2	Institution 1 - 4 sites 2 - 3 sites 3 - 5 sites	Quantitative Field Study Questionnaire	203 academic staff who responded to survey 1 - 152 responses (75% response rate)
Interviews	Institution 1 - 1 site 2 - 1 site 3 - 1 site	Qualitative Study Interviews	3 senior administrators (one from each of the 3 institutions involved). All 3 were involved in managing the merger process.
Survey 3	Institution 1 - 4 sites 2 - 3 sites 3 - 5 sites	Quantitative Field Study Questionnaire	152 academic staff who responded to surveys 1 & 2 - 123 responses (81% response rate)
Interviews	Institution 1 - 4 sites 2 - 3 sites 3 - 5 sites	Qualitative Study Interviews	62 academic staff - 60 usable transcripts. All participants interviewed on site

### Quantitative measures

As indicated in Table 1, the quantitative study involved the same questionnaire being administered to a cohort of respondents at two-year intervals over six years. The questionnaire used the type approach instrument (Harrison, 1975) to measure organizational culture. Harrison's survey had been previously validated in a number of studies (Ashkanasy, Broadfoot and Falkus 2000; Ashkanasy and Holmes, 1995) where it was found that the use of typing is beneficial for tracking the process of cultural change in an organization. Harrison's (1975) instrument is founded on the premise that there are four main types of organizational culture: power, role definition, task/achievement and person/support:

power – the extent that power is exercised by management

role – the extent that roles are emphasized in the organization

task – the emphasis placed on the tasks that are done in the organization

person – the regard given to individuals at the work-face.

Following research conducted by Ashkanasy and Holmes (1995), respondents were asked to rank the importance of the four types of culture for each of 15 organizational issues as listed in Table 2.

Table 2: Organizational culture questionnaire: structure and items

Organizational ideology questionnaire	
	<i>Types</i>
<i>Power</i>	The extent that power is exercised by management
<i>Role</i>	The extent that roles are emphasized in the organization
<i>Task</i>	The emphasis placed on the tasks that are done in the organization
<i>Self</i>	The regard given to individuals at the work-face
	<i>Scenarios</i>
<i>Existing</i>	The ideology perceived to exist in the organization at present
<i>Future</i>	The ideology respondents expected the organization to have in the future
<i>Preferred</i>	The ideology respondents preferred as their ideal
	<i>Questionnaire Items</i>
1.	What are the characteristics of good bosses?
2.	What are the characteristics of good subordinates?
3.	What characterizes the priorities of a good member of the organization?
4.	What characterizes achievers in the organization?
5.	How does the organization treat its employees?
6.	How are employees controlled and influenced?
7.	How are tasks assigned?
8.	How is conflict handled in the organization?
9.	What motivates employees to work?
10.	What motivates people to cooperate and work together?
11.	How is competition used by individuals in the organization?
12.	Who is responsible for making decisions in the organization?
13.	What is the organization's attitude to training employees?
14.	How are women viewed in the organization?
15.	What is regarded as an appropriate control and communication structure?

### Qualitative measures

A qualitative study (at the end of year 6 and during year 7) was conducted following collection of the quantitative data. The purpose of the qualitative study was to support the quantitative approach and focus on processes occurring in practice as explained by those directly involved (Miles and Hubermann, 1994). Sixty-two interviews with a sample of participants from each of the multiple campuses of the three institutions were conducted, taped and transcribed to generate facts, opinions and insights (Yin, 1984). Each respondent was asked the same set of questions, e.g. 'Did you perceive visible changes to the culture of the organization following the merger?' In order to reduce subjectivity responses to qualitative questions were coded by three independent raters on a pre-designed scale of 1–5, e.g. 5 very significant change to 1 no change. An intra-class correlation test conducted on each question determined the extent of absolute agreement between the three raters with scores ranging from 0.96 to 0.99. Agreement for individual variables generally exceeded 95%. Disagreements between raters were resolved by a meeting between raters to further review the transcripts.

### Study participants

One hundred and eighty-seven usable responses were included in the sample for Survey 1 of the quantitative study. These participants were again surveyed two years later with 147 usable responses being received. The same process was repeated for survey 3, with 120 responses being included. Each individual respondent was coded to allow comparison between responses over the six years. The qualitative study took place at the end of year 6 and during year 7. Interviews were conducted with 62 individuals at different campuses of the three institutions (Institution 1 – four campuses, Institution 2 – three campuses, Institution 3 – five campuses). This resulted in 60 usable transcripts being included in the sample for the qualitative study (two were discarded because of audio quality). Details of the sample for both studies are illustrated in Table 3.

**Table 3: Number of cases included in analysis**

Institution	Quantitative Study			Qualitative Study
	Survey 1	Survey 2	Survey 3	
Institution 1	83	66	52	22
Institution 2	60	44	37	20
Institution 3	44	37	31	18
	<b>187</b>	<b>147</b>	<b>120</b>	<b>60</b>
Major Partner	96	72	56	25
Minor Partner	91	75	64	35
Male	117	85	66	38
Female	70	62	54	22
Av. age of respondents	44	44.5	46.6	

### Results

#### Descriptive statistics

Means and standard deviations for the variables measured in the quantitative study for all three institutions across all three studies are included in Table 5. A summary of the ANOVA statistics for analysis of the interview questions in the qualitative study is presented in Table 4. This table illustrates the mean scores for each of the questions across the three institutions and for minor and major partners, and highlights significant differences where they occur.

#### Leadership and change management processes

In order to test P1, participants in the qualitative study were asked to comment on how effectively they perceived that the change/merger process had been managed. A quantitative summary and analysis of the responses to this question is presented in Table 4.

These results indicate that 69% of participants felt that the change process had not been managed effectively (32.2% of respondents said it had been badly managed; 32.8% of the respondents said it had been very badly managed). Of the remainder, 25.8% were uncertain and only 5.2% thought that the change had been managed well. There were no respondents who perceived that the change had been managed very well.

**Table 4. Summary of ANOVA statistics for research questions**

Question	Source	Means					F	
		Institution (A)				Organizational Type (B)		
		1	2	3	All 3	Minor	Major	
1. Did individuals perceive that the merger or change process had been managed well? (Note: 1 = Very badly managed, 5 = Very well managed)	A	1.80	2.68	2.87	2.41			7.38**
	B					2.51	2.28	0.06
	A x B							1.93
	Minor	1.80	2.52	3.15				
	Major	1.81	3.06	2.43				
2. Did individuals perceive visible changes to the culture of the organization as a result of the merger? (Note: 1 = No difference, 5 = Very significant difference)	A	3.89	4.07	4.06	4.00			0.22
	B					4.13	3.81	2.68
	A x B							0.51
	Minor	4.17	4.14	4.09				
	Major	3.67	3.89	4.00				
3. What factors affected the ability of individuals and those around them to cope with/accept the changes which occurred? (Note: 1 = Very strong resistance, 5 = Accepts change with enthusiasm)	A	3.44	3.68	4.09	3.72			1.46
	B					3.83	3.56	0.5
	A x B							0.51
	Minor	3.63	3.62	4.27				
	Major	3.28	3.83	3.81				
4. What influence on the merger process have leaders had, if any? Note: 1 = Very negative influence, 5 = Very Positive Influence	A	2.3	2.83	2.82	2.63			2.39
	B					2.5	2.82	1.75
	A x B							3.29*
	Minor	1.83	2.54	3.1				
	Major	2.73	3.44	2.43				

\*\*  $p < .01$ ;  $p < .05$

Results for a two-way between groups ANOVA in Table 4 indicate that there is a significant effect for institution in terms of how the change was managed. It became evident from the results that leaders in each institution had adopted different approaches to the manner in which the merger process was managed. In Institution 2, reaction to the merger was swift and immediate and the changes were made in a short period of time. Institutions were closed, individuals were relocated and integrated into the major campus. By the time the qualitative component of this study was conducted, this institution had well and truly cemented the merger and moved on. In Institution 3, an incremental approach was invoked. Negotiations with one merging partner at a time occurred, beginning with those partners who were keen to be part of the larger university. At the time this research concluded, the merger process was ongoing, with some partners still operating semi-autonomously and not merged as part of the larger university. In Institution 1, following the announcement of the merger, a sense of indifference prevailed. While committees met and discussions occurred over a period of six years, no significant structural change took place, with the merging partners continuing to operate separately. At the time the qualitative study was undertaken a greater sense of urgency prevailed as formal changes were, of necessity, being forced into place.

Reference to the mean scores in Table 4 demonstrates that individuals in Institution 1 (indifferent approach) felt more strongly that the merger process had been badly managed. Respondents stated, 'Not handled well. Divide and rule. They (the leaders) say they want to consult but really the vice chancellor's mind has been made up ... lip service to democracy but it's just going to happen the way top brass decide'. Individuals in Institution 2 and 3 recorded lesser effects. Interestingly, scores for individuals in Institution 2 (immediate approach) revealed that those individuals in the major partner were happier with the process. Those individuals in the minor partners (where campuses had actually been shut down and individuals relocated) felt that their human needs had been overlooked or trivialized, prompting interviewees to offer the comments, '(Change) not handled well. Process has been top down with no regard for persons involved in the process' and, 'Leaders did not value existing structures and made no attempt to value strengths (of smaller campus)'. Scores for individuals in Institution 3 (incremental approach) revealed that those individuals in the minor partners were happier with the process. Indeed, overall, Institution 3 recorded the most positive response

in both major and minor partners, exemplified by, 'Generally satisfied. Thinks university was worn out by the time this college was amalgamated (one of the last in merger process)' and, 'Leaders had no experience in management of change. I think, however, that change was so significant it would have been difficult. We've seen more change in the last ten years in the university sector than probably in the last 300 years'.

In conclusion, perceptions about how the merger change process had been managed in the institutions studied seemed to hinge to a large extent on the approach adopted by leaders in each institution. Comments made in response to question 1 in Table 4 indicate that when change is handled well, cooperation and acceptance result; if it is managed badly, on the other hand, stress, anxiety and disenchantment occur. In addition, individuals highlighted the need for planning, consultation and even compassion in order for change management to be successful. Participants wanted a more transparent change process, where leaders explain carefully the reasons for change so that all who are involved have knowledge of what is taking place. If this is not done negative reactions result as exemplified by, 'Politics was the driving force. I think the process was not sensitive enough to individuals' and, 'It was done in an autocratic managerial fashion. Lack of participative democratic decision making'.

Our results therefore support P1, in that the change management process or approach selected by leaders (indifferent, immediate, incremental) may result in very different outcomes in terms of the success of the merger and, in particular, in terms of the individuals involved.

**Table 5. Mean scores and standard deviations for existing culture types in each institution**

SURVEY ONE						SURVEY TWO				SURVEY THREE			
Institution	Type	Existing Organizational Scenario				Existing Organizational Scenario				Existing Organizational Scenario			
		Power	Role	Task	Person	Power	Role	Task	Person	Power	Role	Task	Person
1	Major 1	(7.840) 22.280	(5.534) 30.040	(6.461) 26.640	(8.667) 12.960	(10.259) 20.440	(6.363) 29.080	(8.515) 27.440	(9.687) 16.000	(9.085) 27.720	(6.735) 29.120	(7.752) 23.560	(8.646) 11.600
	Minor 2	(8.420) 30.320	(7.060) 28.440	(7.692) 20.200	(7.739) 10.160	(8.067) 29.200	(3.443) 31.240	(6.347) 21.040	(5.275) 8.679	(6.813) 31.440	(3.606) 31.000	(5.464) 19.880	(5.403) 8.120
	Total	(9.018) 26.300	(6.330) 29.240	(7.746) 23.420	(8.254) 11.560	(10.149) 24.820	(5.180) 30.160	(8.105) 24.240	(8.568) 12.320	(8.167) 29.580	(5.430) 30.060	(6.893) 21.720	(7.348) 9.860
2	Major 1	(7.011) 28.071	(6.062) 31.857	(4.519) 21.500	(6.274) 9.143	(8.600) 32.571	(3.950) 30.714	(5.694) 18.500	(6.281) 8.071	(8.119) 31.071	(7.531) 28.357	(7.032) 19.714	(10.536) 11.357
	Minor 2	(7.323) 30.550	(9.125) 32.000	(4.696) 20.950	(9.600) 8.800	(9.419) 28.250	(4.844) 30.750	(6.192) 20.850	(7.092) 9.250	(7.188) 30.750	(5.131) 32.300	(3.977) 19.650	(8.140) 8.950
	Total	(7.195) 29.529	(7.901) 31.941	(4.562) 21.176	(8.283) 8.941	(9.213) 30.029	(4.433) 30.735	(6.019) 19.882	(6.697) 8.765	(7.466) 30.882	(6.432) 30.676	(5.347) 19.676	(9.129) 9.941
3	Major 1	(14.507) 24.636	(12.518) 25.091	(9.760) 24.636	(12.086) 15.455	(14.197) 27.182	(4.535) 31.182	(7.160) 22.455	(9.765) 9.182	(13.923) 26.364	(4.204) 31.545	(7.587) 24.182	(9.616) 10.455
	Minor 2	(9.986) 29.875	(4.041) 31.750	(5.714) 20.375	(5.756) 8.063	(8.848) 26.812	(4.603) 30.375	(6.393) 22.250	(5.865) 10.000	(9.850) 25.688	(10.960) 25.563	(9.000) 23.250	(9.930) 14.750
	Total	(12.056) 27.741	(8.989) 29.037	(7.748) 22.111	(9.434) 11.074	(11.078) 26.963	(4.505) 30.704	(6.581) 22.333	(7.529) 9.667	(11.430) 25.963	(9.224) 28.000	(8.312) 23.630	(9.853) 13.000
Total	Major 1	(9.605) 24.420	(7.926) 29.460	(7.081) 24.760	(9.074) 12.440	(11.843) 25.320	(5.391) 30.000	(8.353) 23.840	(9.496) 12.280	(10.034) 28.360	(6.500) 29.440	(7.597) 22.620	(9.227) 11.280
	Minor 2	(8.387) 30.279	(7.302) 30.475	(6.239) 20.492	(7.887) 9.164	(8.639) 28.262	(4.195) 30.852	(6.230) 21.295	(5.997) 9.197	(8.069) 29.705	(7.141) 30.000	(6.292) 20.689	(8.072) 10.131
	Total	(9.383) 27.640	(7.571) 30.018	(6.937) 22.414	(8.561) 10.640	(10.264) 26.937	(4.767) 30.468	(7.339) 22.441	(7.884) 10.586	(8.990) 29.099	(6.835) 29.748	(6.945) 21.559	(8.590) 10.639

**Managing shifts in organizational culture**

Data to test P2 concerning individuals' perceptions about changes in organizational culture was collected as part of both the quantitative and qualitative studies. In terms of the quantitative study, in Table 5 the mean scores and standard deviations for the existing organizational cultures for each institution and for the minor and major partners are illustrated across all three of the quantitative surveys. Results for a MANOVA with two repeated measures factors (survey – the three surveys conducted over time; and culture –the four culture types); and one between-subjects factor (institution – three levels to represent the three institutions) computed using alpha=0.05, indicated that the four culture types (power, role, task, person support) did not appear to move significantly over time,  $F(12,642)=1.54, p<0.01$ .

However, further regression analysis found that there were changes in the manner in which each culture type was ranked in each institution,  $F(3,321)=4.91, p=0.01$ ; and in all three institutions there were shifts (increases/decreases) in the mean scores assigned to each culture type over time as noted in Table 6. These 'shifts' are interesting in terms of the different approaches to change management adopted in each institution.

Table 6: Movements in culture across time

Inst.	Change Management Approach	Type	Existing organizational scenario			
			Power	Role	Task	Person
1	Indifferent	Major	↑	↓	↓	↓
		Minor	↑	↑	↓	↓
		Inst1	↑	↑	↓	↓
2	Immediate	Major	↑	↓	↓	↑
		Minor	↑	↑	↓	↑
		Inst2	↑	↓	↓	↑
3	Incremental	Major	↑	↑	↓	↓
		Minor	↓	↓	↑	↑
		Inst3	↓	↓	↑	↑

In order to elaborate on the results of the quantitative study, respondents taking part in the interviews – the qualitative study – were asked to comment on whether they perceived that there had been visible changes to the culture of the organization as a result of the merger. Results revealed that 91.7% of participants felt that there had been a change in the culture of the organization as a result of the merger (75% of the respondents said there had been a significant change; 16.7% of the respondents said there had been a very significant change). Other participants reported some difference (3.0%), but only 5.3% thought that there was very little difference in the culture after the merger. Results for a two-way between groups ANOVA presented in Table 4 indicate that there is no significant difference at the institutional level or between parties (major and minor) in terms of perceptions about the culture change. In other words, participants across all campuses (minor/major) in all three institutions perceived that there had been a great deal of change to the culture of their organization as a result of the merger and the manner in which it was managed.

These results were supported in the comments that evolved from the interviews concerning the change in culture and the direction in which the culture had moved in terms of Harrison's culture types. In Institution 1, where an indifferent approach to managing the change was adopted, there was an increase in power and role-type cultures and a decrease in task-oriented and person-support type cultures. This prompted comments from individuals involved such as, 'Culture has changed from an organization where people used to count and now they don't. Management has top down autocratic style'.

In Institution 2, where an immediate approach to change management was implemented, there was again a perceived increase in power type culture and a decrease in role and task. While there was an increase in person-support type culture, the mean score on this dimension was still very low. In this institution, campuses had closed and most individuals felt that leaders had succeeded in

changing the culture quite significantly, represented by the comments of respondents, 'Well, there is no institution anymore is there? So there is no culture', and 'Significant change. Change from collegial to competitive relationships with colleagues. Intellectual information is still shared, but not personal information'.

Institution 3, where an incremental approach to change management was adopted, was the only institution where individuals perceived an increase in the task and person-support type cultures. This prompted a somewhat softer view in individual responses about the change in culture which had evolved, exemplified by, 'Significant change – not so much as a result of amalgamation but of changing leadership and financial pressures. Less democratic management structure' and, 'Significant changes. The relationship and organizational structure is certainly less friendly however the strength and synergy within the school have progressed' and, 'Felt no change as a result of merger, except less democratic management style ... pushed me to focus on my own research and publications and be less involved in departmental or other matters'.

Therefore support for P2 is evident in that merger activity will cause organizational culture to shift over time, and that different change management strategies will affect individuals' perceptions about changes in organizational culture.

### **Consequences for individuals**

In order to test P3 individuals were asked to comment on 'the extent they perceived that the merger produced changes that affected them personally'. Results for this section are discussed in terms of the summary and analysis of responses to this question as shown in Table 4, the model proposed by Cartwright and Cooper (1996) in Figure 2 and shifts in organizational culture type as illustrated in Table 6.

Responses indicate that individual perceptions about the extent of change and its consequences were divided. Some individuals (34.5%) felt that the consequences for them were minimal and that they had experienced little or no change. Others (53.4%) felt that the consequences of the change for them were significant to very significant. The remaining 12.1% of respondents indicated that they had experienced some change. Results for a two-way between groups ANOVA in Table 4, indicate that there is a significant relationship between the extent of the effect of changes on individuals and the institution involved. Reference to the mean scores indicates that individuals in Institution 2 experienced the greatest effect as result of the changes. Individuals in institutions 3 and 1 experienced a lesser effect. There was no main effect overall for organizational type, i.e. no significant difference between the extent of the effect felt by individuals in major as compared to minor campuses.

The Cartwright and Cooper model highlights the relationship between cultural types and the effect on the levels of autonomy or constraint that each culture type places on individuals. The model is based on the premise that during times of organizational change, such as rapid growth or a merger, most organizations will move to tighten control by imposing a greater level of constraint on individuals and reducing the freedom individuals have to make decisions about aspects of their life.

Results for the quantitative study would seem to support those of the qualitative study above when results in Table 6 are examined individually for each institution. As indicated above, individuals in Institution 2 experienced significant consequences as their culture moved towards a culture more dominated by power and therefore to greater constraint on individuals. Representative interviewee comments about extent of culture change suggested, 'Significant change. Acknowledges pressure to move towards corporate culture, more bureaucracy but less friendly atmosphere among staff'. There was some minor improvement in the person/support culture, but of the three institutions, Institution 2 still ranked lowest on this type with a mean score of 9.94 (out of a possible 30). As respondents commented, 'Significant change. Had to move location. Felt that skills were valued less at new institution but is now surviving'.

While the findings of the qualitative study indicated a smaller change for individuals in Institution 1, results from the quantitative study suggest the move to constrain individuals was greatest in Institution 1, with an increase in both power and role and a decrease in task and person/support. This resulted in comments such as, 'New competitive system undermines collaboration and the safeguards that existed for individual creativity', and, 'Feels unappreciated, we are not human beings anymore. We are certainly not academics and respected for our thoughts, ideas as before' and, 'Some of the changes caused dissonance and created pressure and, in some individuals, a sense of (personal) loss and isolation'.

In comparison, shifts in mean scores for Institution 3 indicated that this institution was the only one to experience a move to the left of the continuum. This resulted in granting greater autonomy to individuals to specialize in their research fields, with an increase in both task and person support and decreases in scores for power and role-type cultures. Comments from individuals in this institution placed more emphasis on some of the positives, 'Some change in emphasis. More specialisation, less

communication between academics (as a whole). More pressure to do research and obtain grants (does not personally see this as a negative). (But) thinks opportunities for promotion are less within a broader (merged) organization'.

In summary, our results indicate that an individual's appraisal of the effect of a merger and how it is managed will be in terms of its effect on the individual themselves. Results thus support P3 in that, when culture shifts to constrain individuals, particularly academics, individuals are more negative about the change process.

### **Acceptance of change**

In order to test P4, participants in the qualitative study were asked to comment on the factors that affected their ability, and the ability of those around them, to cope with and accept the changes. These results reveal that 60% of individuals were resigned to the change as inevitable and 16.7% accepted the change with enthusiasm. Twenty percent still offered resistance and 3.3% were undecided. Results for a two-way between groups ANOVA (Table 4) indicate that there was no main effect for institution or organizational type (minor or major) where individual perceptions about acceptance of the changes are concerned. Most accepted change as inevitable.

However, while the majority of individuals were resigned to the change and statistical analysis did not differentiate between institutions or organizational type, qualitative comments would indicate that many individuals still felt strongly about the merger process and the way it had been managed. Most uncertain about the outcome were individuals in the major campus of Institution 1, exemplified by, 'Accepts change unwillingly. I certainly have been stressed for a while, I was taking valium to sleep ... Most of my anxieties are about the unfairness of the process. I have become more enthusiastic since moving to a new area'.

Many individuals from minor partners of all three institutions highlighted the fact that initial resistance to change stemmed from fears of being unable to perform under new work arrangements; for example, 'Accepts change reluctantly. I have had to accept things in order to keep my job. That doesn't mean I agree with the changes. I just keep my head down, hope I won't be noticed, and do the best job I can'. Leaders should ensure that ongoing training and support can provide opportunities for employees to question rationales (and receive answers), check reality, express fears or frustrations, obtain support from peers and maintain motivation. If this is not done, disillusionment may result, 'Accepts change, was initially enthusiastic, but now feels pressures are phenomenal. Describes personal philosophy as "progressive disengagement". Less interest in being involved in the process'.

A climate of positive feeling toward the leader is necessary if employees are to change their ways of working as required. Examination of the mean scores in Table 4 reveals that, once again, individuals in Institution 3 were most positive about accepting the change, particularly those in the minor campuses. This was reflected in, 'Accepts change enthusiastically. I see it as a challenge and an opportunity for the most part rather than hang on to notions of the past'.

It also became evident that an individual's reaction to change will be influenced by situational appraisals that will reflect the individual's cognitive evaluation regarding how a situation or event will affect his or her level of wellbeing. Representative comments include, 'Opinions vary. I think it depends on whether individuals gained some advantage or not. Some individuals have experienced less negative effects and are more accepting. Those most affected no longer care, are simply trying to survive'.

In summary, during times of change, our results tell us that it is important that the leaders of the organization create an atmosphere of psychological safety to encourage employees to be involved and verify for themselves the validity of the new beliefs and values and to explore how they personally can contribute to the change effort, exemplified by, 'Yes, accepts change enthusiastically. Has university background and fits in to new system'.

Results therefore support P4, that level of acceptance of the merger process will be related to consequences that transpire for individuals as a direct effect of how the process is lead.

### **Individual perceptions of leadership during change**

In order to test P5, participants in the qualitative study were asked to comment on the effect their leader/s had on the merger process. Results of interview data indicate that opinions were divided about the influence of leaders on the management of the merger process, with 43.1% of participants perceiving that the influence of leaders was negative and 36.2% that it was positive. Some participants (1.7%) thought that the influence of leaders had been very negative and 19% were undecided. Results for a two-way between groups ANOVA (Table 4) indicate that, while there was not a significant overall effect for institution where

individual perceptions about the influence of leader was concerned, there was a significant difference that occurred for minor/major parties.

Interestingly, individuals from the minor campuses in Institution 3, where an incremental approach to the merger was adopted, were more positive about leaders than those in the major campus, represented by, 'It was more a political process. Some leaders did use the process to build power base. I felt leaders had a very positive influence ... This opinion not shared by everyone. Personally, treated with dignity, felt it was pretty harmonious'. This was not the case in the minor campuses of Institution 1 (where an indifferent approach was adopted). Here, individuals perceived a significantly higher negative effect of leadership influence, exemplified by, 'Initially leaders were inclusive, and staff felt some control over process. Under current management, people are not important. Most decisions made behind closed doors in inner circle', consistent with the move to a stronger power-type culture.

Many individuals across all three institutions felt that change had been imposed on the leaders themselves, represented by, 'Leaders had little choice in what were essentially political decisions. Some leaders keen on amalgamation as empire building. Others not in favour but had no choice'. There was also consensus on several key items which were identified as leadership qualities or factors necessary to facilitate effective change.

### **Leadership styles.**

Leaders of organizational change should be competent and trained in the process of transforming organizations if mergers are to succeed, for example, 'Present leaders are driving rationalization. They keep promoting academic researchers to be managers and the fact is, they are hopeless at it'. Leaders must ensure that participants feel that they are consulted as part of the decision-making, and involved in the process otherwise members of the culture become cynical and unresponsive, 'thinks there is lip service to consultation but it does not happen in reality'.

Moreover, our results suggest that the charisma of a leader must be validated by the recognition of his or her followers, illustrated by, 'Have had different leaders during process. No consultation, the management style is reactive rather than proactive. No loyalty shown to staff by management. To get dedication and loyalty of staff, management has to express dedication and loyalty to staff. No leader has done this'.

### **Communication.**

It became very clear in the interviews across all three institutions that communication between organizational members, at all levels, from management and among peers, should be a major priority in any merger process. If this does not occur there is a feeling of 'No consultation. People were told what was going to happen. I don't think it (the process adopted) was too sensitive at all'.

In these multi-campus tertiary institutions, there is often mention made of the distinction between local leaders (those leaders who reside on peripheral campuses) and university leaders (those leaders who reside at the central or main campus). Local leaders are often seen as consultative, humanistic, communicating frequently with staff while university leaders are not. For example, 'Initially we had input into decisions through the leader of local campus ... positive. But process changed. Parent campus became less consultative. Decisions imposed without local input. Very negative influence, depersonalizing'.

It would appear that when tough decisions were to be made, many felt that leaders adopted a closed-ranks approach and excluded staff members from the decision-making process, 'the conditions under which they (the leaders) have had to operate has been difficult ... the thing about decisions at the moment, they are being taken by people who are only in the top positions, they are not involving people lower down and they are not communicating the reasons why decisions are being taken'.

These communication problems can lead to ill feelings and to polarization, such as, 'Leaders not consultative. It's management by dictate', which may result in some staff resorting to factional activity and the formation of counter-cultures with negative consequences for organizational outcomes.

### **Transparency and trust.**

Trust became an important topic for our respondents, particularly when individuals perceived hypocrisy in various forms, for instance, when executives called for openness, but hid impending changes from employees. This was evident in several comments, 'Very significant impact. Top down management style. Leaders not accountable' and, 'Decision making has been secretive and politically motivated, I just can't trust that man (leader) now'.

Sometimes the most powerful of the leaders can influence the goals and policies of their organizations in directions that are consistent with their own values and needs, rather than those of the institution as a whole. Representative comments were, 'Three leaders through process ... Not consultative. Perhaps dishonest. Feels that decisions were made to suit leader's own political agenda, not for the good of staff or the university'.

### **Respect for authority of leaders.**

Weber (1978) has also acknowledged that the authority of leaders rests on how others regard them. Leaders are lent prestige when employees believe in them and what they are doing, and are willing to accept their decisions, represented by, 'I am concerned now ... about the quality of the people who occupy those roles (leadership roles) and consequently have power ... people in whom I don't have a lot of confidence'. But one respondent went on to say, 'Despite these problems, remaining staff have benefited from process. Institution has maintained relatively high degree of autonomy and (there has been) more staff development. But morale is very, very low as a result of problems with management style'.

As such, the beliefs of cultural members will determine not only how a leader will be regarded, but who will be regarded as a leader. Results therefore support P5, that leaders will be perceived in a positive manner when consequences for individuals involved in the change process are positive and the change management process is managed appropriately.

### **Summary of results**

In summary, support was evident for all five propositions. In terms of the model in Figure 1, the change management strategy or approach selected by leaders will result in shifts in organizational culture that will cause consequences for individuals in terms of the level of constraint imposed or autonomy granted in accordance with the Cartwright and Cooper (1996) model. The nature of the consequences for individuals will (a) determine whether individuals accept or reject the changes caused by a merger and, (b) affect the way leadership of the process is viewed, and indeed, how effective leaders are perceived to be as agents of change.

### **Discussion**

#### **Contributions to theory and practice**

This study gives voice to the perceptions and opinions of those who are most affected by a merger – individual staff members at all levels –and highlights the fact that the manner in which the change process is managed by leaders will have a significant effect on the outcome. As a result, different groups of individuals may perceive the merger differently (accepting to resisting) with consequent implications for the way leadership during the merger is viewed.

Most mergers arise as a result of the need to rationalize, to increase efficiency, or to reduce costs in some way. Unless mergers are handled effectively, however, the reverse is likely to occur (Cartwright and Cooper, 1996). What was evident in the present study was that managers responsible for driving the merger process were not equipped with appropriate communication or change management skills to manage the merger process effectively. This led, in turn, to negative perceptions by individuals about the manner in which the process was managed and about the leaders themselves. This had consequent detrimental effects on the ability of individuals to embrace the changes required by the merger and view the 'new organization and its culture' in a positive manner. Appointment of a skilled change-management facilitator or champion to lead the change should occur at the start of any merger process.

Our results suggest that leaders need: (1) to select carefully the method or approach to be used to manage the merger and develop a new culture following the merger (indifferent, immediate, incremental); (2) to establish effective channels of communication which involve individuals at all levels of the organization to inform individuals of the stages to be followed and to outline clearly outcomes for them; (3) to select willing (minor) partners first and move to more difficult partners after allowing more time for consultation and justification; and (4) to lead in a positive manner, recognizing that change is an emotive process and people need to be 'changed' with dignity by acknowledging contributions and justifying the reasons for them personally to move on.

### **Limitations**

It should be noted that the present study was based on self-report measures and the variables for organizational culture were measured in the same survey as variables for individual values using a similar method. Therefore there is a probability of method variance in that artifactual covariance between the two variables may lead to error when inferring substantive relationships which do not exist (Podsakoff and Organ, 1986). However, in defence of this, the study was longitudinal, the survey instruments measured two different constructs, had been validated by other researchers for many years and an attempt to relate collective individual values to organizational culture types as part of the analysis failed.

In addition, as a means of data collection, questionnaire response rates may be affected by negative or apathetic attitudes towards questionnaires, particularly in large organizations. A further possible limitation may be the erosion in response rate for surveys 2 and 3 because of staff turnover. As indicated in Table 3, despite some attrition, 120 individuals responded to all three surveys across the six-year period.

Time elapsed since the merger announcement was factored in because this variable might have influenced respondents' emotions and objectivity (Kitching, 1967; Sales and Mirvis, 1984). A possible explanation for the shift in ideologies may have been a reflection of prevailing economic conditions not related to the merger (Ashkanasy and Holmes, 1995). Since this is a longitudinal study, it is possible that the effects of the merger had been overtaken by other more immediate factors that may have influenced attitudes, particularly when interviews for the qualitative study were completed.

Lastly, it is acknowledged that the information presented in this study is from an analysis of the notes and transcripts of interviews, and includes judgements made by humans that are especially prone to error. While sampling was random, it is not claimed that these views are indicative of the views of all academic staff in each institution. The present study also involved cross-level and multi-level research, which implies a hierarchical relationship among things. The basic problem in multi-level research (Klein and Kozlowski, 2000) is mis-specification. For example, by attributing individual descriptions of their involvement in decision-making during the merger and correlating this with individual outcomes, any extrapolation about organizational structure and performance risks mis-specification (Rousseau, 1985). James (1982) has addressed this issue by exploring the extent to which data derived at the individual level can tell us something about a specific unit-level phenomenon. A case has been made for the use of aggregated data, because they meet such criteria as inter-rater agreement. For this reason, the emphasis in this study has been to allow individuals 'to tell the story' as they perceived it, and no attempt has been made to infer outcomes for the institution.

### **Directions for future research**

This study is one of the few to analyse mergers in the tertiary education sector and to scrutinize the effect of leadership of mergers in a longitudinal study. The population for the study was drawn from academic staff because this group experienced change in terms of all three aspects of their roles: administration, research and teaching. The study should be replicated to include staff from both administrative and academic populations to enable comparisons to be drawn.

Future research could also include the effect of control variables such as organizational type (public versus private), organizational size and financial status. This might shed more light on factors that cause organizational cultures to move in the direction they do following a merger and to extend understanding of the leadership qualities required for the effective management of mergers.

Lastly, the present study also identified that the method used to manage the changes associated with the merger had different outcomes for individuals and their perceptions about how the change process was lead. Further work needs to be done to test the three change methods –incremental, immediate and indifferent, and relate these to leadership styles and qualities in other merger situations to test generalizability.

## Conclusions

This study emphasized the importance of effective leadership and enabled issues that arose during merger evoked change in three large tertiary institutions, to be examined in a diagnostic manner, so that the most prominent outcomes or effects could be appropriately highlighted. Findings indicate that mergers often produce change that is imposed on the leaders themselves. In addition, it is often the pace of change that inhibits the successful re-engineering of the culture with leadership qualities such as compassion, communication and a transparent change process being important issues. Including the views of individuals who had participated in the change process delivered a sense of passion and realism about the events, and the influence that leaders had during the process for both individuals and the culture of the institution.

Issues concerning individuals, including the effect of the change and their ability to adapt to change, were examined. The effect of mergers on the organization and its culture were highlighted, as well as the need for leaders to select effective change management strategies to facilitate cultural change and address consequences for individuals following the merger.

Findings identify that the success or otherwise of a merger change process hinges on the manner in which the process is lead and managed. The outcomes for individuals and organizational culture were driven by the method employed to manage the merger process that is incremental, immediate, indifferent and the extent to which the culture moved along the continuum proposed by Cartwright and Cooper (1996). Results, however, would seem to support the incremental approach in terms of more satisfactory outcomes for individuals. In this study, this approach led to less resistance by most individuals and a more positive view of leaders. As such individuals and their perception of the manner in which change is being managed will often determine not only how a leader will be regarded, but who will be regarded as a leader. Leaders need to be competent and trained in the process of transforming organizations and reflect on follower motives when considering how to lead organizational change as prompted by a merger.

## Footnotes

Note: From 'Managing Mergers, Acquisitions and Strategic alliances: Integrating People and Cultures', Cartwright and Cooper (1996), p. 50. Reprinted with permission of the authors.

Institution 1 adopted an approach to 'hasten slowly' and took some seven years after formalization of the merger before real change was invoked. At the time of the study the process was ongoing. Institution 2 invoked changes quickly so that rationalization was swift, new structures were created, smaller campuses closed and staff moved. At the time of the study the process had been completed and the institution had moved on to other changes. Institution 3 viewed the merger process as an opportunity to expand in a rational manner. Campuses were merged one at a time with the most willing partners merging first. At the time of the study the process was ongoing.

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