PARTICIPATION AS A TOOL OF CHANGE MANAGEMENT

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Abstract

This paper deals with the topic of change management in post-merger integration. The aim is to create recommendations for the implementation of participation as a soft factor of change management, which helps organizations in the post-merger integration of merger & acquisition projects efficiently manage organizational change, so that successful integration of both organizations is secured. We use in our research the method of theoretical analysis. We analyze and make practical recommendations for the implementation of participation as an important tool of change management in post-merger integration. On the basis of our academical research we make practical recommendations of participation strategies and tools for the change management in the post-merger integration.

Introduction

Change management is particularly targeted on personal issues, with the intention to support the realization and implementation of organisational, processual and technological driven changes. Merger of two organisations is a revolutionary organisational change, which represents big challenge for both management teams as well as the concerned employees. In situations like this, it comes to changes in organisational structure, including changes in responsibilities and competencies, processes and in some cases also systems. All this is considered by the concerned employee as a potential chance and risk, which has to be managed accordingly by the management. If the organisation fails doing this right, it will have to deal with serious problems in its new organisational form. Mergers and acquisitions do not meet in 50% to 90% their defined goals. One of the most common reasons is the change management failure in the post-merger integration (Körfer, 2006).

The goal of this paper is to answer the question on how should be the factor – participation, which plays one of crucial roles in the change management implemented in the post-merger integration. We use in our research the method of theoretical analysis.

Participation

„One of the reasons, why some organizations have problems with adaptation to the rapid market or technological changes is, that many people in these organizations feel relatively helpless" (Kotter, 2001, p. 90). One of the important change management factors is participation. It was found, that already participation of organisational members on the planning of organisational change increases their support for that change. (Coyle, Shapiro,1990). With reference to Cameron and Green (2007) participation and psychological support of the organisational members are important strategies for the success of organisational change. The first of the „golden rules" of succesful organisational change is according to Steinmann and Schreyögg (2005): active participation on the implementation of changes; participation on decisions regarding the change and sufficient information about reasons for the upcoming change. Kieser et al. (1998, p. 218) emphasize: „there is a large consistency, that inclusion of employees is one of the most important success factors of change and of the implementation of new organisational concepts."

Schanz (1992) defines term *„participation"* as „the right to take part in the decision making." From the organisational point of view, participation does not directly mean to be involved on the happening, but to be involved on the decision making. From this point of view it is considered to be a variable of the organisational decision system design.

From the motivational theory perspective participation represents an important factor of one's direct and indirect needs satisfaction. It is supported the understanding, what behavior will lead to what gratifications. Relationship between individual effort and the resulting gratifications can be affected individually. In particular the confidence feeling of the participating person can be increased. The perceived value of possibilities to participate on something depends on the development level of ones „higher" needs – independence, competency and self-activity. After Parish, Cadwallader and Busch (2008), **managers have to consider, that the feeling of employee`s „role autonomy" increases his will to positively contribute to the organisational change.**

To the prerequisites of organisational effectiveness of participation or inclusion on decision making belong above all aspects - readiness to participate (motivationally approached - „Will") and the ability to participate (dependent on ones abilities - „Know").

Schanz (1992) notifies that in addition, in concrete situations also the range of conflict potential has to be taken into account. If the actual or anticipated conflict potential is too high, the participation strategy will fail already at the beginning. However, he considers this more as an exceptional situation. Generally, participation of the members of the organisation makes situations considerably easier, for example the resistance within the organisational change process. Participation effectiveness depends on several contingency factors (e.g. organisational climate). In order that the participation processes can be ever developed is the basic condition organisational mood with mutual trust.

Change management project failures are in 70% accredited to the neglecting of human needs; only 30% include expert and methodological fields (Born, 2001). How should the managers consider human needs? The answer after Schwarz is: to include the employees in the decision making process and to let them participate. Change management should target human needs of organisational members and include the employees as much as possible into the project happening in the terms of organisational goals (Schwarz, 2006).

The Coch and French (1948) study from year 1948 already showed **that the possibility to participate increases the acceptance of newly implemented actions and measures and so it can positively contribute to the accomplishment of defined organisational change goals.** De Noble, Gustafson and Hergert (1998, p. 83) emphasize: *„Every time when the strategic planners of organisational change are not at the same time the implementers, the risk occurs, that the developed plans will be inappropriate and impracticable."*

The participation process has also some drawbacks. If this process is not well and carefully managed, it can lead not only to weak solutions, but it can become very time consuming as well (Kotter, 2008). If the organisational change has to be implemented quickly, it would simply take too long to include all relevant organisational members in this process.

1. Change management in post-merger integration

In the post-merger integration (PMI) has to be decided within the change management how big the „extent" of the participation factor should be. The question is, **whether the participation should start in small steps, or in the way that the employees will possess extensive rights and responsibilities to participate in the change process from the start on.** When the management delegates decision rights to the employees in small steps, the advantage would be, that the relative work overload of employees would be avoided. The disadvantage of this process is that distrust can be created towards managerial will, because the employees may not believe, that the management wants really realize a quickly implemented participation. Very quick and radical transition of competency and responsibility often creates chaotically appearing states in the organisation. The advantage of this is that employees are actually forced to quickly change their thinking and to create new unconventional interaction patterns. The assumption for the achievement of this state is to sufficiently inform and communicate with employees, as well as their effective support, especially important is effective leadership in crucial PMI phases (after Kieser, Hegele, Klimmer, 1998). Kotter (2008) undermines, that employees should only then participate on the organisational change, when they have required information, so they are able to provide useable input. On the one hand participation eliminates problems in the PMI;

on the other hand it could lead to new ones. Therefore it is important to adjust the participation according to the specific situation of the given integration process.

One of the main tasks of the „*Start phase of PMI*" is to implement the PMI organisation. Of crucial importance here is who will take over the leadership of the post-merger integration. Personal line up of change management leadership should be comprised above all by the **principle of „transitoriness". Managers responsible for the concept and transaction should also stay actively involved in the process of post-merger integration.** The whole responsibility should not very change, for example between „transactional phase" and „post-merger integration phase". Managers who will be responsible for the management of the organisation in the future should maintain relevant positions in the change management organisation. This represents an ideal case. Of course is the realization of such „transitoriness" principle dependent on those manager`s ability to lead and to manage the process of such organisational change.

Post-merger integration should be led by one autonomous person. As Kotter (1995) proposes, a powerful coalition should be formed („**Form a powerful guiding coalition**"). It is necessary to put together a group of „powerful" people, who are able to cooperate and work well together. Those should be included in the leadership of the organisational change. These people possess power, because of their position and status in the organisation as well as their reputation, connections, information and expertise. Change management leaders should be „transformational leaders" and should use in the PMI preferably participative and transformational leadership style. In particular they should be good motivators: *„to mobilize the right people and to teach them, so they will be also able to mobilize the right people. They are an example, they choose their employees following their conception and hope, these will also do it the same way"* (Tichy, Devanna, 1990). Such leader has to be able to start a mechanism, which helps decision makers understand the change process and evokes their will to participate on it**. Strong line leaders should be included in the change management team.** Through these, often informal leaders can be employees from lower organisational levels effectively led in the PMI.

Such an important step as **merger and the following PMI process has to be brought to the employees firstly by the top management**. Lower organisational levels and even

external consultants are not able to create needed acceptance. The following steps have to be emphasized:

Merger will be realized and integration will be accomplished. **In the post-merger integration and in the afterwards created organisation, future vision of the company has to be shown and presented**, as it is described by Kotter (1995) in his model. Top management needs to point out its role model function and that there are no alternatives like „to wait" or „to do nothing". Through this behavior is the top management on the one hand included as a stakeholder, active participator and on the other hand it also shows its „commitment to action" following the core idea of change management.

Top management has to direct the attention of employees towards solving the problem, hence towards the realization of post-merger integration, so no discussion concerning its advantages or disadvantages will emerge. Attention should be, as it is emphasized by Kotter in his model, firstly focused on „Establishing a sense of urgency" (after Kotter, 1995). Important task in the leadership field for the top management and change management leaders is in this post-merger integration phase, to present to the employees advantages of the whole merger or acquisition, in terms of „unfreezing" phase of Levin's model of change (after Vahs, 2005). This has to be done by using adequate tools. To these tools belong „kick-off events", dialog with managers and „idea leaders", etc. These actions should point out the advantages of the merger for the company and to provide positive arguments for the employees. As for example: long-term security of one's job position, possibilities for personal development thanks to new position in „new company", personal development through trainings etc.

During the whole integration process should the top management stay visible and committed. It should represent exemplary, committed stakeholders, after the „stakeholder participation" principle. This means to include several other groups into the integration process. It should support and empower organisation members, so they can participate on the PMI „vision" and on the „shared future".

"Project phase" - second phase of post-merger integration „matches" the „change" phase of Lewin`s model of change. During this phase, changes which PMI brings will be realized. One of goals in this phase **is systematical winning of competent persons**

for the change management teams and for the change management leader position. The team and the change management leader have to be strategically appointed in post-merger integration (for example as manager, moderator, ide leader). Team members have to be systematically organized and equipped with responsibility and resources. It is important to assure employees satisfaction and managers' satisfaction with change management team achievements.

Managers should discuss during regular department and group meetings, according to the participative leadership style, directly with their subordinates about irreversible changes, which brings post merge integration and also to enable them to participate on the decision making through stating their opinions and suggestions concerning upcoming problems. During these meetings informal idea leaders from within employees can be effectively integrated into decision processes and in this way they can be won for the actual integration process.

Commitment of all managers with personal responsibility is crucial for the success: they are confronted with hard personal interviews in case of an employee lay off and they have also to make personal decision when a free work place has to be filled. At the same time, they must motivate the employees to take over and accomplish new tasks. In their role model function as a stakeholder with commitment, they can within the range of their responsibility, especially in the PMI phase, relatively clear recognize, whether they managed to win employees with commitment for the future mission of the company.

When the employees go through hard changes regarding their work place or work team, it is recommended, in terms of transformational and participative leadership, **to organize good-bye and welcome events.** This way the often negatively perceived separation from colleagues will be eased and these events will also enable to make new contacts in a relaxed environment (Schwarz, 2006).

According to the study of Searly et al. (2004), change managers and also other managerial employees should not rely, that employees who „survived" organisational change will suddenly have trust in the PMI process and in the „new" organisation. **More important is active management of relations. It is not the justice of the process, but the treatment and respect towards employees, which builds their trust.** If once those employees, who

„survived" the organisational change feel distrust, they will point their concentration at discrepancies, as for example unfilled promises of the top management.

Appelbaum et al. (2000) accent that managers should not treat the past with disrespect. It is the past, what brought the organisation to its current situation and only with help of particular changes will this organisation prosper as an autonomous unit. To „write off" the past is an analogy of „writing off" the employees. They are those, who made from the organisation what it is now.

"**Transformational phase**" – the final phase of post-merger integration „refers" to the „refreezing" phase in Levin's model of change. During this phase, the merged companies start to exist and function as a „single unit". With this step is accomplished at least closing of the integration process. The goal of the PMI phase is to link both organisations from cultural and organisational side as well as on the process level.

Within the change management in PMI it is necessary to put together and use a small **coordination team,** which will accompany the shift from PMI organisation into a line organisation. The reason for this is, that particularly during this phase additional and sometimes new issues come out, which have to be handeled, monitored and solved (after Grube, 2006)

In this PMI phase is required an informal interpersonal commmunication between managers and their subordinates. The managers have to insure preconditions for work achievement of their employees. Christensen et al. wrote: *„Charismatic leaders respected by their employees, for example, often do not address how the things should be done. Instead they motivate people to go out and just do them."* (Christensen, Marx, Stevenson, 2006, p. 77).

The change management, but especially the line managers should in this phase actively support their subordinates through the use of **coaching** and they should be available by their integration in the new organisation. Managers but also the informal idea leaders cannot forget in this phase, that they have a role model function and that they have to present the desired behavior firstly by themselves.

If a manager has a problem managing some of his „problematic" subordinates, who are however hard to replace for the future functioning of the company, Mark and Mirvis suggest to contact and include an *„HR-professional",* or eventually a trained *„Counselor"* to solve the whole situation. These professionals can open and lead desired discussion regarding critical issues and so they can provide help to the manager (after Marks, Mirvis, 1995).

Conclusion

The goal of this paper was to answer the question how should be the factor – participation, which plays one of crucial roles in the change management implemented in the post-merger integration. The results show following recommendations for the implementation of participation, which have managerial implications. Not only employees but also managers responsible for the organisational change and transaction should stay actively involved in the process of post-merger integration. There is a need to include strong line leaders in the change management team. Merger and the following PMI process has to be brought to the employees firstly by the top management. In the PMI and in the afterwards created organisation, future vision of the company has to be shown and presented. The top management should stay visible and committed during the whole integration process. It is necessary to include competent persons for the change management teams and for the change management leader position. Managers should apply partcipative leadership style and accordingly lead regular department and group meetings. Commitment of all managers with personal responsibility is crucial for the success. Within the change management in PMI it is necessary to put together and use a small coordination team, which will accompany the shift from PMI organisation into a line organisation. The line managers should actively support their subordinates through the use of coaching.

We believe that it is important to emphasize, that although in the scientific literature and studies are mentioned different concepts and models with the aim to provide help for decision making by the realization of change management in post-merger integration, they are just a structural element for the integration design. They are important, but not fully adequate for the success of the merger. Especially post-merger integration shows in many cases only limitedly predictable development. To successfully master this development, „managerial feeling and experience" is necessary.

Our research was limited to theoretical analysis of adequate scientific literature. The usual limitations of this method apply to this article. To gain more relevant results, it is necessary to conduct further research with the use of quantitative methods and field studies. This is the main goal for our future research. It is hoped that this article offers a promising avenue for organisations to follow.

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