

Abstract

This research is based on a case study analysis of an organizational merger process at a large municipality in Israel, which began in January 1999 and ended in April 2002. The merger joined together, under a single organizational body, four municipal social service organizations that had previously functioned as separate organizational entities (the Social Services Division, Public Health Division, Immigration Absorption Authority, and Substance Abuse Authority). The purpose of the study was to identify the factors that promote the organizational reform and the factors that hinder the course of such an organizational reform, focusing on the public sector and social services and on nonprofit organizations.

The time span of the process, ranging from its initial presentation to its final completion, was divided into five stages or periods: "unfreezing," "assessing the difficulties," "planning," "executing the change," and "stabilization."

The study also examined if there is a hierarchy of primary and secondary factors that promote the merger process and of those that hinder the merger implementation process; the relationship between the factors that promote or hinder the organizational merger implementation process and the five periods of the merger process ("unfreezing," "assessing the difficulties," "planning," "executing the change," and "stabilization"); the connection between the factors that promote or hinder the organizational merger implementation process and the characteristics of the 76 different stakeholders who took part in the change process, and the nature of this connection; and whether there is a differing degree of probability that the different factors which promote or hinder the organizational merger implementation process will emerge, based on the characteristics of the different periods of the merger process and of the stakeholders taking part in the process.

The study posed research questions whose answers emerged from the case study, in addition to a theory that emerged from the content data. It presents a theoretical and applied model of the implementation processes of an organizational merger, while emphasizing the manner and process by which the merger is planned, implemented and completed – as opposed to the merger results.

The research methodology was a qualitative and quantitative content analysis (a mixed method study) of a case study. The data was derived from 732 documents, which included minutes of meetings, correspondence between various parties who were involved in the investigated merger process, as well as circulars, brochures, presentations and forum summaries – produced by the various stakeholders who took an active role in the process. 602 statements were extracted from these information sources which reflect themes representing primary and secondary factors that promote or inhibit an organizational merger. To ensure the reliability of the research, the data was analyzed not only by the researcher, but also by two independent judges who have a clear affiliation with Social Sciences and Management and Organization Studies.

The hierarchy of the themes found to represent 9 primary merger-promoting factors, based on prevalence - from the highest to the lowest, is as follows: "planning and managing the process implementation," "sharing and transparency," "leadership," "proximity and accessibility," "communication and information," "the human component," "corporate culture," "seeking advice from an outside organizational consultant" and "executive initiatives originating outside the merging body and exogenous influences." Another 35 themes were found to represent secondary factors of these primary merger-promoting factors.

The hierarchy of the themes found to represent 6 primary merger-hindering factors, based on prevalence - from the highest to the lowest, is as follows: "the human

component," "corporate culture," "communication and information," "executive initiatives originating outside the merging body and exogenous influences," "seeking the advice of an outside organizational consultant" and "leadership." Another 11 themes were found to represent secondary factors of these primary merger-hindering factors.

The study also points out the similarity and difference between the promoting factors and their comparable hindering factors. Furthermore, it demonstrates the characteristics shared by the salient secondary promoting and hindering factors, which were cited the most in the investigated statements.

The findings of the investigation led to a proposed conceptual model that consists of three types of systems of action among the merger-promoting factors:

The active system of action within the merging organization, which promotes the merger process, is comprised of the following promoting factors: "planning and managing the process implementation," "sharing and transparency" and "leadership." These factors are associated with the most active, prominent and influential people involved in promoting the change, and in the researched case they were: the people spearheading the change and the managers in the new administration who supported the merger. This system is most pronounced during the "assessing the difficulties," "planning the process" and "executing the change" periods and has a considerable impact on the process of promoting and implementing the merger.

The passive system of action within the merging organization, which promotes the merger process, is comprised of the promoting factors that have a less significant impact on promoting the merger process - "proximity and accessibility," "communication and information," "the human component" and "corporate culture." These factors are also associated with the stakeholders who are less influential in promoting the change: employees and managers joining the merger process who express opposition to the

merger itself. This system is most pronounced during the "planning the process," "executing the change" and "stabilization" periods, and has a moderate impact on promoting and implementing the merger process.

The active system of action outside the merging organization, which promotes the merger process, is comprised of the promoting factors: "seeking advice from an outside organizational consultant" and "executive initiatives originating outside the merging body and exogenous influences." These factors are associated with the active stakeholders outside the organization being established, and in the investigated case were - the Mayor, the Municipality's Director General and his Deputies, and the regulatory authorities in the various government ministries, all of whom were involved in setting up the new administration, particularly in its initial, crucial stages. This system is most pronounced during the "unfreezing" and "assessing the difficulties" periods, and has a considerable, primary and fundamental impact on the process of promoting and implementing the merger.

Further to the findings of the study, a model of the merger-hindering factors was developed. These factors were classified according to two types of systems of action:

The system of action within the merging organization which hinders the merger process: this system is comprised of the "human component" and "corporate culture" hindering factors. It is typical of the smaller entity joining the merger, employees who have a unique and high-status profession, and senior managers. This system of action is primarily evident during the initial periods of the change process: "unfreezing" and "assessing the difficulties."

The system of action outside the merging organization which hinders the merger process: this system is comprised of the following hindering factors: "executive initiatives originating outside the merging body and exogenous influences," "seeking

the advice of an outside organizational consultant," "communication and information" and "leadership." This system of action characterizes the outside managers, such as the regulatory authorities. This system of action is mainly evident during the "unfreezing" and "assessing the difficulties" periods, but can also be found in the "planning the process" period.

In addition to these findings, the study also developed the "spaces model," according to which the change process inherent in an organizational merger includes three successive states: initiating the merger process, executing and implementing the merger process, and completing and concluding the merger process. These successive states consist of two change spaces – the external space and the internal space: the external space, made up of the outside stakeholders, is a prerequisite for obtaining approval from the highest ranking authority, which in the investigated case were the Mayor and the Municipality's management - for establishing the new merged administration comprised of four separate municipal divisions, and for enlisting their support and that of the relevant government offices and the workers' union for the merger concept and its implementation. On the other hand, the people belonging to the internal space – the inside stakeholders from the organization undergoing merger and establishment, are the ones who take a much more active and meaningful role in the transition to the internal space which is engaged in implementing the proposed merger model. Thus, once approval is granted by the highest ranking authority to establish the merged body, it is possible to transfer to the internal space which is devoted in its entirety to the inside stakeholders – ranging from the director of the merged organization to the lowest ranking individual engaged in the merger process. In the external space, which is prominent during the "unfreezing" period, the promoting factors are involved according to the following hierarchy: "executive initiatives

originating outside the merging body and exogenous influences," "corporate culture" and "seeking advice from an outside organizational consultant." – whereas in the internal space, prominent from the "assessing the difficulties" period up to the "stabilization" period, the promoting factors are involved according to the following hierarchy: "planning and managing the process implementation," "sharing and transparency," "leadership," "proximity and accessibility," "the human component" and "communication and information." The anticipated output of the external space is the very establishment of the merged body and endorsement of the merger idea and its underlying philosophy, whereas the expected output of the internal space is the implementation and completion of the merger process.

The importance of this study – owing to its focus on a case study of a successful organizational reform in the social services sphere, is its reliance on an abundance of authentic information sources - documents and minutes of meetings that were available and accessible to the researcher. Its detailed investigation of the factors that promote and hinder an organizational merger in the public sector, while underscoring the "how" tactic found in the process of planning and managing the merger's implementation – may contribute to the development of a theoretical and applied model of an organizational merger process, including its various phases. The contribution of this study – with its wealth of findings, their significance and their discussion – to anyone who may in the future be involved in a process of implementing a merger, is the possibility to extract from it workable steps for implementing and fully completing a successful merger process. Against the backdrop of economic uncertainty, resource channeling, dependence on shared external sources of finance, and a growing disparity between needs and resources and between sources and uses, one can expect that the public sector - government ministries, local authorities, corporations and nonprofit

associations - will not be exempt from the merger processes now occurring in the corporate and private sectors. Due to the fair amount of duplication and overlap, and an absence of coordination characterizing the activities of public bodies that provide similar services to the same target populations – including, among others, children, teens, persons with disabilities, the elderly, substance abusers, and new immigrants – it is advisable, already at this stage, to prepare for merger processes in the public sector, and this study may facilitate such preparations.