

# IMPACT OF AN INSTITUTIONAL MERGER ON FOUR INTERNAL STAKEHOLDER GROUPS OF A COLLEGE OF BUSINESS?

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## ABSTRACT

*This paper compares the pre- and post-impact of a merger of two regional campuses in a statewide university system on its students, faculty, administrative, and professional support staff. Specifically, it looks at stakeholder impacts of the merger of the two Colleges of Business on these regional campuses into one entity. The second year of a two-year study has been completed and the paper compares the results of the pre-and post-merger impact survey. The two surveys are a survey of attitudes and issues regarding the merger. Surveys were designed specifically for the four stakeholder groups with questions uniquely relevant to that stakeholder group. The results in this paper illustrate the evolution of the stakeholder groups toward the merger and the pre-and post-merger responses are evaluated.*

## INTRODUCTION

Mergers or unifications are the formal union of two or more organizations into a single organization usually designed to deliver a more effective operation to meet external challenges and opportunities. (Harmon and Harmon, 2008). Corporate and higher education mergers are similar. In the case of higher education, strategic mergers are described as strategies of 'merging colleges for mutual growth' (Martin and Samels, 1994; Harman and Harman, 2008). Unifications and mergers have become a familiar alternative for the survival of higher education institutions with recent funding cutbacks and rising competition. Merging and closing smaller campuses are methods being employed by university systems, as the competition for resources becomes more challenging. In the era of global competition, merged institutions can be more efficient and economical but this is not guaranteed, and complications such as the loss of jobs and merging

existing institutional cultures must be considered in the merger (Portnoi & Bagley, 2015).

The opportunity to examine the effect on stakeholders in a requisite merger is the topic of this paper. The subjects are two regional campuses in a Midwestern state university system specifically the merger of the two Colleges of Business. The merger involved all units in the two institutions but this study only looks at the merger of the two Colleges of Business. The institutions are both teaching undergraduate and graduate business programs. The Colleges of Business are both accredited but by different accrediting bodies pre-merger. Post-merger the combined unit is AACSB accredited.

While inside the same university system, there are significant differences in the culture and size of the two institutions. One is a large urban campus with approximately 9,000 students serving a very diverse student body that includes a significant international student population. The

other is a smaller campus of approximately 3,000 students in a rural setting with less diversity in the student body.

The decision to merge these two institutions generated substantial concerns and some resistance among the stakeholders. These institutions have existed separately for decades despite their proximity of 30 miles in the region. The differences in size and location have created two very different campus cultures. The colleges approach course scheduling and curriculum from different perspectives and each campus has developed their own student clubs and athletics system. There are many challenges in trying to unify them into one new institution. Each College of Business had its own Dean and faculty structures with similar but not identical policy and procedures for academic matters. The plan to merge them has presented a unique opportunity to examine thoughts and concerns pre-and post-merger and examine what thoughts and attitudes change over the two-year time for the merger. This paper reports the results from the pre-merger survey, the post-merger survey, and the comparison of results.

**RESEARCH QUESTION**

This study poses research questions regarding the merger with four hypotheses for evaluation. The stakeholders defined as the population for the study are students, faculty, staff, and administrators in College of Business at both campuses. Mergers can produce the touted cost reduction and efficiencies; mergers can alternatively create significant governance problems due to differing academic cultures, and conflicting models of faculty rights or rules of progression for rank, and seniority which can bog down a merger process (Martin & Samels, 2002).

The research question resulting from the merger described in the introduction is “Are there positive impacts from the merger of two regional campuses Colleges of Business on their stakeholders?” The four hypotheses from this question tested in the study are:

- H1 The merger will have a positive effect on administrators in the College of Business.
- H2 The merger will have a positive effect on professional staff in the College of Business.
- H3 The merger will have a positive effect on faculty in the College of Business.
- H4 The merger will have a positive effect on students in the College of Business.

This opportunity, at the start of a merger process, allows the research to study multiple stakeholder groups at both institutions over a two-year period. The four hypotheses allow for different reactions in the respective stakeholder groups.

The administrative stakeholder group is defined as all academic administrators at the two respective campuses in the College of Business. This group includes deans, associate deans, and department heads. The professional staff is defined as administrative support personnel and included academic advisors, lab managers, administrative assistants, and placement staff. The faculty group was defined as full time faculty including tenured, tenure track, and full time lecturers. For the purposes of this study adjunct faculty were excluded. The student group included all registered students, both undergraduate and graduate, coded with College of Business majors. The four hypotheses are directly related to the four stakeholder groups and determining their outlook on the merger.

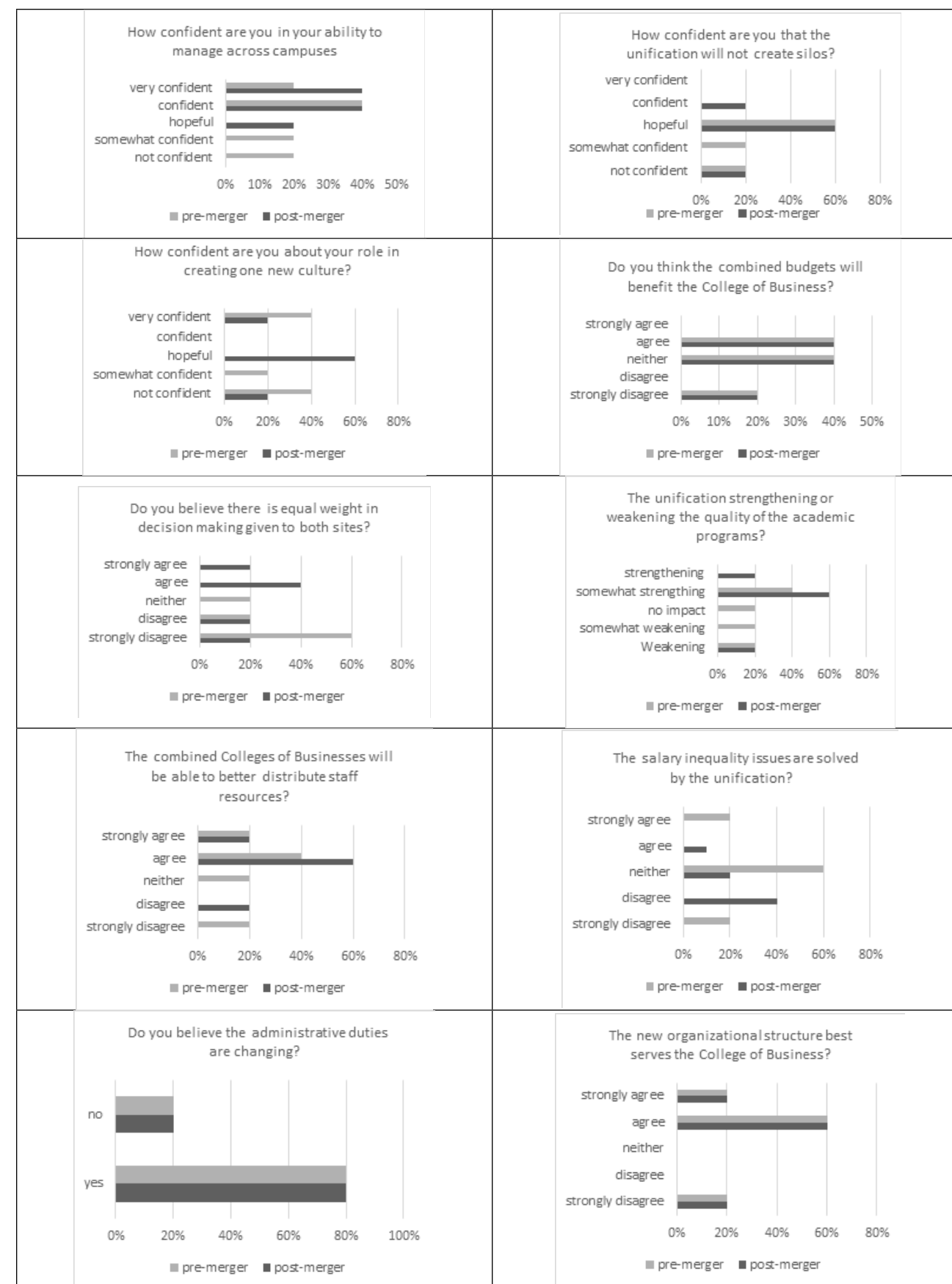
**METHODOLOGY**

The research design is for a two-year study of pre-merger and post-merger opinions of stakeholder groups on the merger of these two Colleges of Business. The study uses surveys designed to measure issues specific to each stakeholder group. The institutional review board for the university system reviewed and approved the research design and methods.

Four different surveys were developed—one for each of the stakeholder groups. There are 10 questions in each survey that were specific only to that stakeholder group. The surveys were administered via Qualtrics. Each group was sent a link to access their survey. The pre-merger surveys were open from January 15 to March 1, 2016. The surveys were repeated post-merger in the same time in 2017 to measure what attitudinal changes occurring in each group. The questions in the survey did not ask for any identifying information. The responses were completely anonymous and kept confidential. The pre-merger survey sample size of stakeholders at both campuses surveyed was 7 administrators, 13 professional staff, 50 faculty, and 1959 students. Response rates for each stakeholder group were 71.4%, 53.8%, 40%, and 11.6% respectively. The post-merger survey sample size of stakeholders at both campuses surveyed was 6 administrators, 15 professional staff, 47 faculty, and 1668 students. Response rates for each stakeholder group were 83%, 73%, 51%, and 8% respectively.

**Administrative Survey Results**

The administrators in the College of Business included deans, associate deans, department heads and academic directors of programs. The merger plan for the institution required the two administrative staffs become one after the merger. The results of the administrative survey are reported in the following graphs:



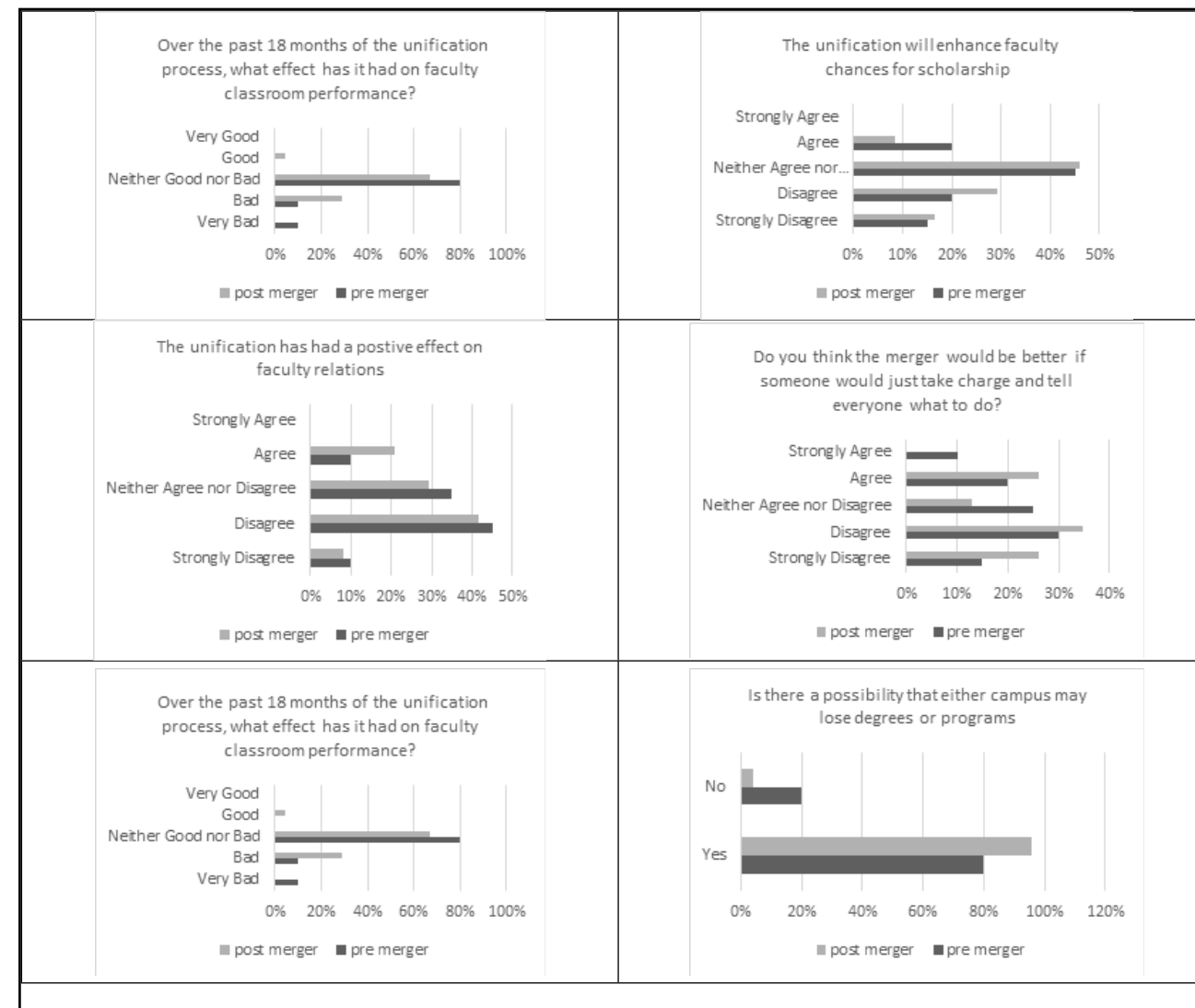
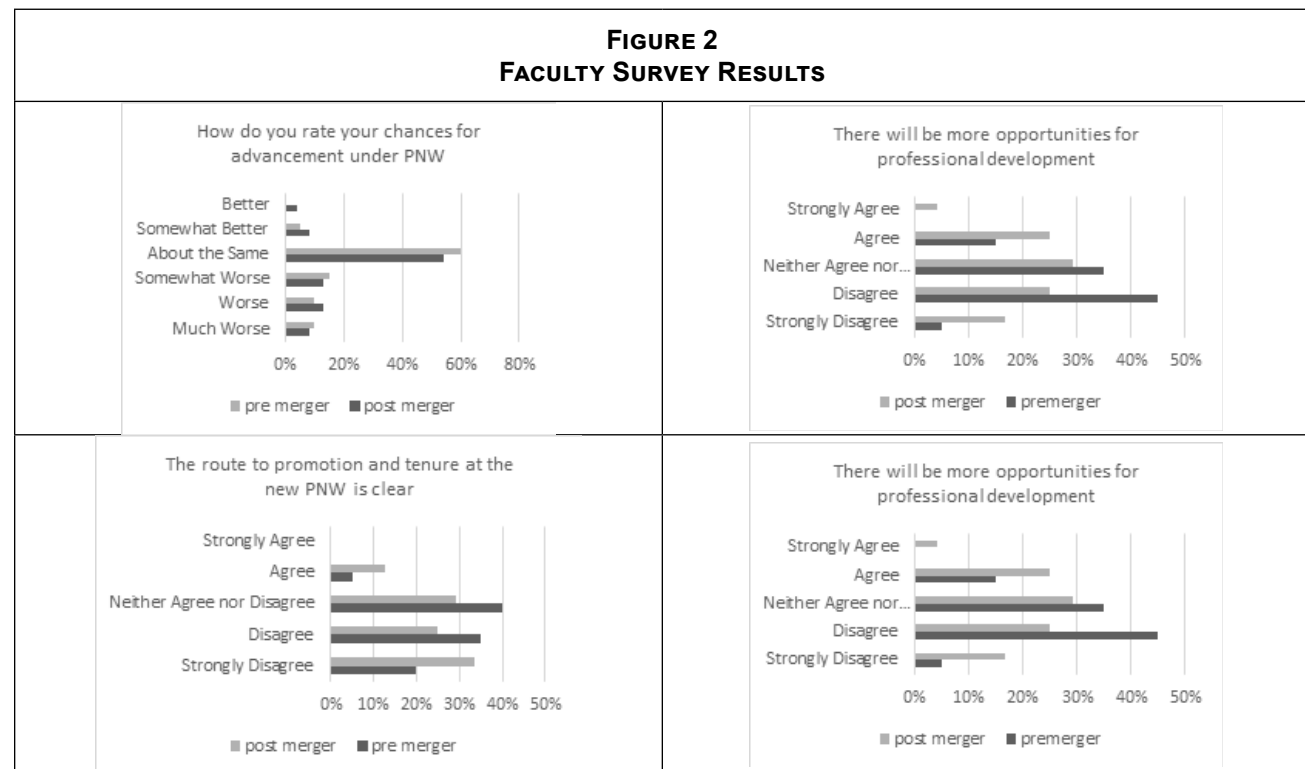
In this survey, many of the responses were similar for the administrators both pre-merger and post-merger. One of the more notable shifts occurred with the question on equal representation on both sites. Pre-merger 60% strongly disagreed while post-merger 60% were agree or strongly agree. The confidence levels for managing across campuses improved after the merger. The opinions on the statement salary inequities are resolved by merger moved to disagreement with that statement post-merger. The questions on decision making and quality of academic programs were more positive post-merger. Overall the responses post-merger were the same or more positive in the post-merger survey. After the merger, the College of Business lost one Dean from one of the campuses as that position was no longer required so there was 1 less administrator responding to the survey post-merger. The remaining administrators were employed at the university both pre-merger and post-merger.

The following sections indicate the responses from the other three stakeholders and a comparison to their pre-merger responses.

**Faculty Survey Results**

The faculty surveyed included tenured, tenure-track, and full time lecturers. The lecturers are not in tenure positions and have no scholarship requirements. The adjunct faculty were not included in this study. The composition of the faculty on both campuses were comprised of primarily tenured faculty with some assistant professors and lecturers.

The faculty results post-merger trended to be more negative than positive. The results on the question of clear path to promotion and tenure were trending downward to disagreement with that statement. On the question of a clear mission and vision for the College of Business, post-merger moved to majority of faculty felt it was unclear. A positive trend post-merger was fewer faculty felt that degrees would be lost due to merger. The overall response from the faculty stakeholders were less positive in the post-merger results. This was consistent with the pre-merger results. It is important to note that faculty continued to see no change in impact from the merger on faculty classroom performance. Finally, with respect to professional development and scholarship, faculty responses were more negative even though there has now been an associate dean put in place to address this issue.



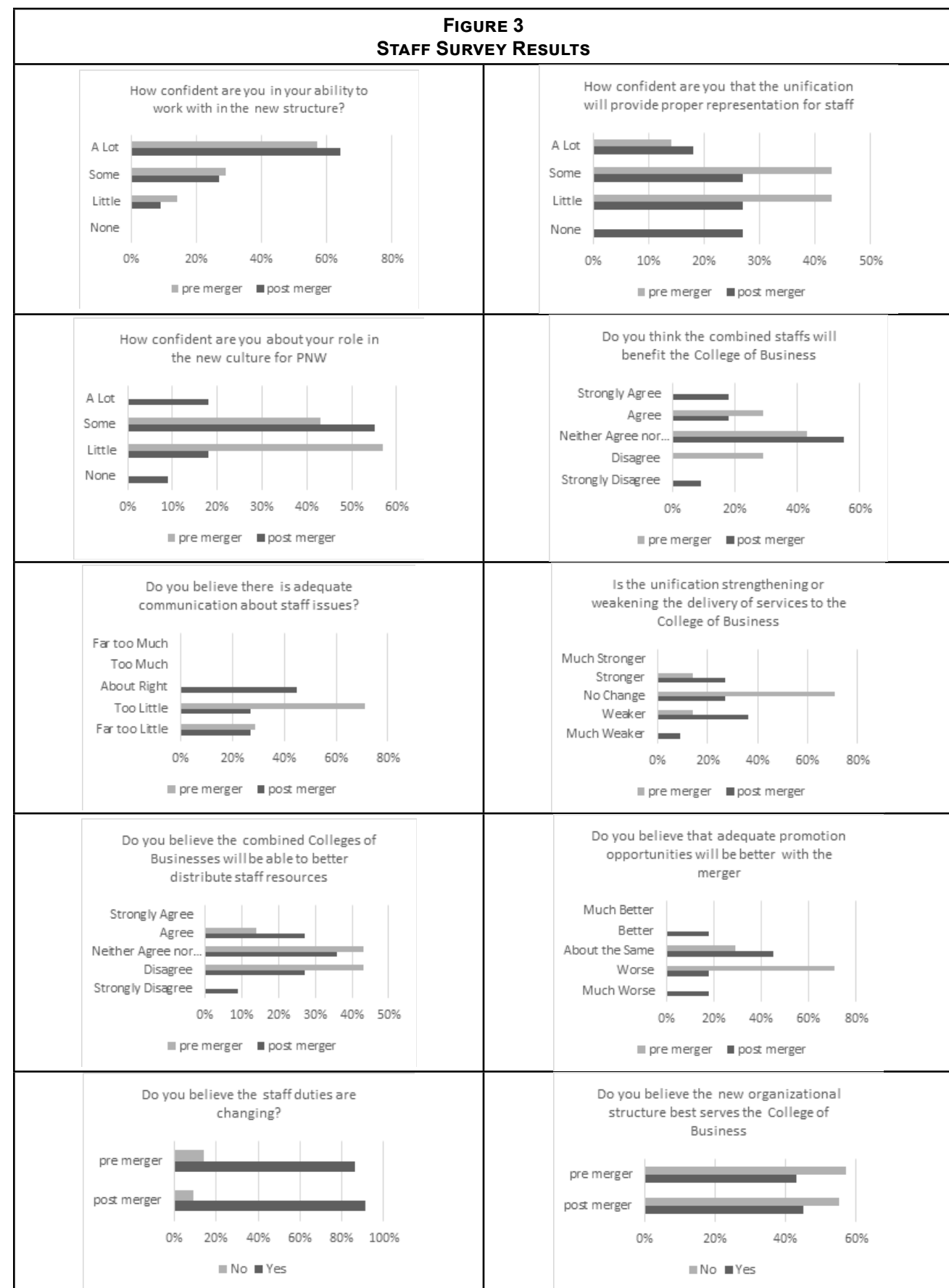
**Staff Survey Results**

The staff surveyed included advisors, career specialists, secretaries, counselors, and administrative assistants from both campuses. After the pre-merger survey, a new career counselors position has been created as well as a Director for Center of Career Management for the College of Business. The results of the staff survey are reported in the following graphs:

There are several interesting shifts in the opinions of the staff members from pre-merger to post-merger survey results. There is a positive trend in the question regarding how the staff feels about adequate promotion opportunities indicating optimism. The data indicates during the pre-merger survey it was 70%, negative response but that has decreased according to the post-merger survey to approximately 18%. Another positive trend is how confident

staff members are about their role in the new PNW culture and that has increased based on the data from the post-merger survey. Communication about staff issues in the merger has gotten better. When asked the question do you believe communication is adequate the post-merger data at 45% tells us it is positive, and that is an improvement from the 70% negative results from the pre-merger survey results. When asked do you think the combined staffs will benefit the College of Business, the responses have shifted somewhat more positive tone. The greatest change was reflected in the question regarding staff duties changing. Pre-merger less than 20% felt duties would be changing while post-merger shows greater than 80% indicated change in staff duties.

As we look at the trends that seem to be moving in a more negative direction, how confident staff is that the unification will provide proper representation has shifted to the



negative. The pre-merger and post-merger survey results stated almost identical responses to the question do you believe the new organizational structure best serves the College of Business.

**Student Survey Results**

The students surveyed included both graduate and undergraduate students. Some of the students surveyed in the pre-merger survey graduated and new first year students were admitted changing the response pool somewhat. As noted earlier, the response rate for the post-merger survey among students was somewhat lower than that for the pre-merger survey.

The student results tended to be relatively consistent after the merger. A few points stand out that are notable in the results. Students remain concerned that the unification provide both long term and short term benefits to them. Post-merger results show students more concerned about the necessity to travel to take required courses to complete their degrees. In addition, more students are concerned about the need to take online courses to complete their degree although most students remain unconcerned about this. On a positive note, students are less concerned about the transferability of courses regardless of the campus at which they started. Students appear to be less concerned about the impact on tuition of unification. They do appear to value the opportunity to have student organizations on both campuses so that they may participate on their “home” campus. There appears to be little change in the students’ concern about availability of graduate programs on both campuses. Students do remain concerned that the University provide employment opportunities for them, although fewer of them are strongly concerned about this. Students appear a bit less concerned that their student government has representation from both campuses. Finally, there is a notable increase in the importance students put on the importance of having athletic teams on both campuses.

**DISCUSSION**

The results of the surveys seem to indicate that the expectations of each of the stakeholder groups did not change considerably after the merger implementation. Each stakeholder group held to its initial views with a few notable shifts. The stakeholder groups most effected based on responses were the faculty and staff. These two groups were less clear about their futures with the merger. Each of the four stakeholder groups seem to indicate a communication lapse with merger plans and implementation. The university was offering faculty early retirement buyouts during the two years this survey was conducted which

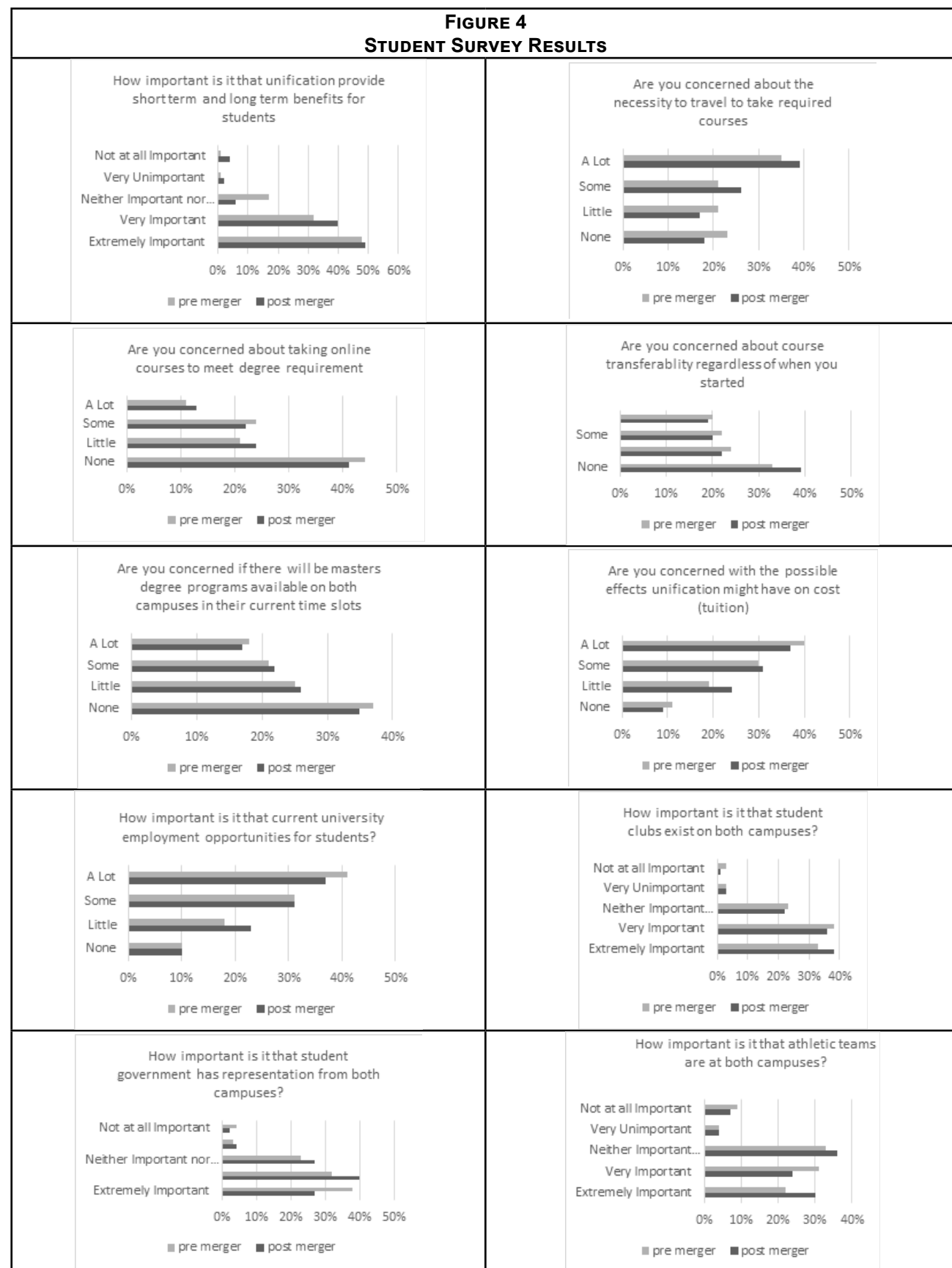
may have influenced the responses but was not measured in this study. The post-merger survey took place during a presidential election year where there was considerable debate about the future of higher education.

It is likely that the administrators had more access to information and participated in decision making which created a positive environment for them. The equal campus representation issue that surfaced in the administrative survey may be due to one of the Deans positions being eliminated and the remaining Dean being from the other campus and not a candidate from outside the system.

The faculty generally disapproved of the merger prior to the merger and after the merger. Faculty concerns about promotion and tenure merging from two systems with different criteria continues to be a problem. There indication of no clear mission and vision probably results from merging an urban campus with a rural campus.

Merging institutions often requires a restructure of units and job responsibilities change with the new structure. These institutions restructured as they merged to form one new entity. The staff are affected by these restructures and changing job responsibilities. The survey data clearly reflects that in the staff responses. The new structure and staff representation were matters of concern has they tried to understand their role in the new organization.

Students seem to have accepted the merger quite easily and show few significant differences in their responses. The pre and post differences that exist may in large part be attributed to the change in the respondent pool. New, first year students have no other frame of reference and accept the two campus model as their “normal.” Although students demonstrate some additional concern about travel, this may be mitigated by the inter-campus bus service which has been initiated and used frequently by students. It is notable that students desire club participation on both campuses and are less likely to travel for those activities. In addition, since most clubs meet in the late afternoon or evening, the final bus service at 6:15 may impact the ability of the clubs to effectively meet only on one campus or to alternate campuses easily. In addition, it can be noted that students on the smaller of the two campuses have undergone more change with respect to their plans of study, advising structure, course designators, and administrative leadership. This may also be impacting the results that are shown. With respect to the change in student responses to the importance of having athletic teams on both campuses, it should be noted that a new athletic facility/conference center was completed between the times the two surveys were completed. There is clearly a desire to see that building used fully and effectively.



**RESULTS**

The first hypothesis was the merger has a positive effect on the administrators of the College of Business. The finding was the hypothesis after the pre-merger survey was the hypothesis was supported. The finding after the post-merger survey is that the hypothesis is supported.

The second hypothesis was the merger is a positive effect on the professional staff of the College of Business. The finding was the hypothesis after the pre-merger survey was supported. The finding after the post-merger survey is that the hypothesis is supported.

The third hypothesis was the merger is a positive effect on the faculty of the College of Business. The finding after the pre-merger survey was the hypothesis was not supported. The finding after the post-merger survey is that the hypothesis is not supported.

The fourth hypothesis was the merger is a positive effect on the students of the College of Business. The finding after the pre-merger survey was the hypothesis was supported. The finding after the post-merger survey is that the hypothesis is supported.

**RECOMMENDATIONS FOR PRACTICE**

This study provides significance to practitioners and researchers by identifying viewpoints of stakeholder groups pre-merger and post-merger. An awareness of stakeholder issues can inform merger planning and implementation practices. Findings can be used to establish the importance of managing perceptions to increase merger success. When a stakeholder group is surveyed, the administrative leadership gain an understanding of the stakeholders' concerns and willingness to accept the proposed change. An awareness of concerns allows for specialized guidance and communication related to the complexities of planning and implementing a merger.

With the understanding that each stakeholder group has unique concerns, the one size fits all communications may not be the best approach. The study provides insight to the process that indicates that the notion that stakeholder groups will change their view of issues after implementation may not be true. Unique conversations may need to occur between each stakeholder group and administrators. A stakeholder group with an understanding of how a merger impacts their stakeholder group specifically is more likely to understand expectations.

Administrators can increase merger success by making sure the issues of importance to each stakeholder group are communicated to them in meetings where questions can be asked not just broadcast announcements. Imple-

mentation plans must be carefully thought out and communicated effectively. Financial savings are often cited as a reason for a merger but the true cost of the merger must be identified and the change in flow of budget lines and authority. A clear well thought out change management plan will help eliminate stress and confusion over the implementation process.

Faculty in various stages of the promotion process are most likely to be negatively affected by an institutional merger. All legal and procedural issues regarding promotion should be determined and communicated prior to the merger. All faculty governance issues and procedures should be agreed on and in place prior to implementing the merger. If there are restructuring of academic units, the impact of this restructure should be researched and the results shared with all parties.

Staff issues can be lost in the competing administration and faculty merger issues. Staff jobs have the least protection and changing structure and procedures may considerably change their job responsibilities. Restructure may change the reporting lines and cause staff to adjust to new expectations. The change management process should have a clearly defined path for staff positions and be communicated to the staff prior to the merger implementation.

With respect to students, efforts to communicate with and reassure them regarding impacts to their plans of study and graduation plans are working and should be continued. Continued communication and application of exceptions to teach out programs will be necessary over the next few years. As more and more new students enter the College, we anticipate that the issues raised will become less urgent as a two-campus model is their only frame of reference. Clearly, the availability of transportation and cutting-edge teaching modalities to reduce the challenges of distance will be important. Both should ultimately expand opportunities for students to take courses which may not have been available on their "home" campus. In addition, given the challenge of distance, it is critically important that opportunities for club involvement and professional development remain viable and active on both campuses. Students have an affinity for their "home" campus and tend to live close and are less likely than faculty or administrators whose jobs require it to travel regularly between campuses; it is a 35-45-minute drive between the campuses. The importance of advising for students cannot be underestimated

**CONCLUSIONS**

The study purpose was to obtain information about the views of a specific group of stakeholders in a merger of two

academic institutions. Mergers happen in numerous colleges and universities across the globe. This study represented a small sample from only one of those universities. A larger and random sample across multiple universities could serve to validate conclusions drawn in this study.

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