

Some reflections on mergers in higher education

4th International Conference “University Traditions: a Resource or a Burden?”
Russian Association of Higher Education Researchers 26-28 September 2013

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Overview

- Who initiated the mergers?
- Why mergers?
- The merger process
- The outcomes of the mergers
- Lessons learned
- Elements that characterize a successful merger

Definition of merger

Merger/amalgamation reflects:

- The merger of two or more previously separate institutions into one new single institution

Collaboration – Alliances – Federation - Merger

Who initiated the mergers? Where they forced or voluntary?

- Voluntary or incidental mergers: the institutions themselves have initiated the merger
- Forced or policy induced mergers: when the instigator of the merger is external to the institutions
- But, the voluntary ones are often forced by circumstances...

Forced or voluntary mergers – an overview in a few countries

Policy induced/”Forced”

- The Netherlands (1980s)
- Australia (1980s early 1990s)
- Finland (1990s)
- Norway (1990s)
- China (1990s early 2000)
- Hungary (early 2000)
- Flanders (early 2000)
- South Africa (early 2000)
- Denmark (2008)
- Russia (2012-)

Incidental/”Voluntary”

- Norway (2010 –)
- Finland (2000 -)
- Sweden (2000 -)
- UK (2000 -)
- The Netherlands (1990 -)
- Estonia +++

Policy induced mergers reflect policy responses to perceived deficiencies in existing systems that needed larger institutions to effectively deal with particular challenges

Why merging? (I)

Policy induced mergers:

- They are about maturing systems that need to be taken to the “next level”
- New phenomenon of policy induced mergers: becoming “world class”
 - Connected to global university rankings
 - Global competition for talent (researchers and students):
 - ✓ Seek to concentrate their academic, economic/-administrative resources into larger and more competitive units
 - Creation of elite universities

Why merging? (II)

- Incidental mergers by their very nature are far more idiosyncratic in terms of drivers
 - The rationales are about as varied as the types of mergers that exists
- More advantageous than disadvantageous
- Resolving financial exigency
- Securing cost efficiency

Why merging? (III)

- Better utilize human resources – reaching critical mass
- Better utilize physical resources
- Improve student access and greater differentiation in course offerings to cater for more diverse student population

Why merging? (IV)

- Strategic reasons:
 - Ambitions to improve their position in the higher education hierarchy
 - Lift institutional profile (national standing and international reputation)
- Optimizing scale of operation
 - Success in attracting students and funding
 - Increased research profile
 - Differentiate course offerings to cater for greater student diversity and offer more comprehensive courses

Motives for merging

- **Administrative benefits** (e.g. economies of scale with regard to number of administrators, a more professional and efficient administration)
- **Economic benefits** (“to save money”)
- **Academic benefits**
 - ✓ Eliminating duplicative programs
 - ✓ Increasing academic integration and collaboration
 - ✓ Diversifying academic profiles

The merger process (I)

- Merging denotes radical change
- Spiced with small and large problems and conflicts
 - Dependent on the strategy:
 - ✓ Integrated versus diversification
 - ✓ “Bottom up” versus “Top down”
 - ✓ The degree of voluntariness

The merger process (II)

- Importance of employee participation
- Effective management to ensure:
 - Implement change according to plan
 - Reducing the levels of ambiguity and stressfulness
 - Convey a clear vision
 - Are attentive to employees' concerns
 - Communicate clear guidelines of how this change should be managed

The merger process (III)

- Time consuming
 - In a merger, the problems tends to be that too much happens in a too short time
- Demand a lot of resources
- One of the partners involved has a dominant role

The outcomes of the mergers (I)

- Governance, management and administration
 - More professional and efficient
 - No economies of scale with regard to numbers of administrators

The outcomes of the mergers (II)

- Economics

- Expensive in the short run. Require a lot of resources
- Differentiate between network- and HE-institutions that are located at the same place
- More economic autonomy and consciousness among management and staff

The outcomes of the mergers (III)

- Academic activities
 - Education: Improve the future academic position (in the long run), especially in regard to the breadth of different educations
 - Research: Uncertain?

Lessons learned (I)

- No marriage between equal partners
- The importance of geographical proximity
- Status quo versus implementing change

Lessons learned (II)

- Organizational goals occurs at the cost of individual needs
- Improve the future position of the new institutions – (education)
- Mergers appear due to external conditions

Lessons learned (III)

- Merger processes are often connected to problems and in part inadequate planning
- Too many top-down processes
- Administrative and efficiency questions have dominated the merger process

Elements that characterize a successful merger (I)

- Visible and strong management
- Consensus about objectives and activities
- Access to resources
- Institutional organizational structure:
 - An integrated organizational structure

