Abstract

In (Northern) Europe, there has been growing interest in mergers involving higher education institutions, despite the fact that the topic is not a novel one. This paper takes stock of the existing literature on mergers by looking at earlier investigations across the private, public and higher education sectors, with a particular emphasis on the Nordic region, where the authors are based. The paper provides an overall assessment of the scholarly approaches surrounding the topic, and, in doing so, identifies and suggests avenues for future research inquiries.
1. Introduction
The 1980s and 1990s saw an interest on mergers as a policy mechanism for reforming higher education systems all over the world. Efforts towards the modernization of higher education across Europe have, in recent years, re-discovered mergers as an alternative for the various challenges facing higher education systems across the region. The Nordic region has been particularly active in this respect, with significant mergers being pursued in Denmark and Finland, followed by similar developments in Norway and Sweden. The aim of this paper is threefold. Firstly, to take stock of the existing knowledge base on the topic from a broader perspective, i.e. beyond and within the field of higher education and within and beyond (Northern) Europe. Secondly, to critically reflect upon the shortcomings associated with previous studies. And, thirdly, to suggest an avenue for future research inquiries of mergers in higher education. Hence, the research problem driving this paper is as follows:

- What do we know about mergers in general (across the public and private sectors), and what are the possible implications for the future study of such processes within the field of higher education?

In the following section, we present the literature review, starting with mergers across the private (for-profit) sector and moving into the public sector more broadly, ending by looking at earlier findings within higher education (across the world and in the Nordic region). Section three provides a brief comparison of the different streams of research available to date and discusses the findings in the light of current dynamics facing higher education systems. The paper concludes by suggesting an avenue for future research inquiries.

2. Literature review

2.1. Mergers in the private, for profit sector
Many students of higher education have noticed that HEIs increasingly behave like private firms in global markets. The “corporate university” or the “entrepreneurial university” have become common ways to describe 21\textsuperscript{st} century institutions (McNay 1995; Clark 1998). Universities are also expected to interact with corporations and the society at large. However, there is an important difference between firms and HEIs, eloquently put by Swedish scholar Lars Engwall some years ago. Whereas firms’ goal is to gain reputation in order to make more money, it is the other way around for HEIs. The main goal is to enhance reputation (van Vught 2008), as shown in e.g. rankings, and the funding is a means to achieve that. There are other decisive differences as well; firms are owned by shareholders whereas HEIs are governed by trustees; while corporations were developed during the
19th century, universities were established already during the middle ages, long before capitalism. Table 1 summarises some of the differences between HEIs and private companies.

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Source Engwall (2008, p. 14)

The last characteristic is the most complex one and deserves more attention. According to Engwall: “Fourthly, for both types of university, the conditions for leaders differ from those for their counterparts in corporations. The latter have hierarchies, with executives having a high level of authority. Universities, on the other hand, are professional organizations in which faculty members, through their expertise, play significant roles” (Engwall 2008, p 14). You might argue that this description, for many HEIs, no longer holds true. There are indeed strict hierarchies and promotion systems at many institutions, and the collegial decision-making has been replaced by ever more managerialism (Amaral et al 2003).

In this section, we take a closer look at the literature on private sector mergers, mainly produced by organisational theorists and economists. There is an extensive literature on mergers and acquisitions (M&A); academic research has analysed activities in a wide range of sectors and industries, such as banking, insurance, pharmaceuticals, electricity, oil, gas, automobile, steel etc. The first period of mergers and acquisitions occurred in the beginning of the 20th century and the second one took place in the 1920s. During the period from 1967 to 1969, it was a boom period for mergers and acquisitions and the same in the 1980s and in the 1990s (Brealey et al., 2006). In the following, we have structured the literature review in relation to three interwoven yet different M&A phases: before (rationale, motivations, expectations), during (process, integration, implementation) and after (outcome, impact).

Rationale for and expectations surrounding M&As

Some of the literature analyse the motivations for M&As: why do firms merge? In the private sector the prime motivation is financial, with companies trying to increase their market share by eliminating competitors, to grow through common or complementary products and markets or to achieve
economies of scale perhaps by sharing infrastructures or amalgamating administrative units (Berkovitch & Narayanan 1993).

There is a long-standing and ongoing debate regarding firms’ motives for engaging in M&As. There are both structural and actor-oriented theories. Neoclassical theories portray aggregate merger activity as firms’ value-enhancing responses to industry-wide and/or economy-wide shocks. Behavioral and agency theories, on the other hand, view M&As as resulting from investors’ and/or managers’ cognitive biases, personal aspirations or the inherent conflicts of interests between managers and investors. Some important empirical aspects of aggregate merger activity, however, are widely accepted: mergers occur in waves; within each wave, they tend to cluster by industry; and, within industries, higher merger activity is associated with larger positive or negative shocks, e.g. deregulation (Bernile et al 2012).

Compared to the public sector, the state is a less visible actor in M&A decisions and most processes are primarily in the hands of the firms themselves. However, the relationship between the acquirer and the acquired can differ significantly. M&As can for instance be more or less hostile, and thus be described as threats, and in many cases it is necessary to persuade possible bidders that earnings will increase due to the merger. Amel-Zadeh et al (2013) investigated incentives for and consequences of acquiring bidding firms’ decisions to voluntarily disclose post-acquisitions earnings forecasts. Not surprisingly, they found that these forecasts were upward biased in order to persuade target firms’ shareholders of the benefits of the acquisition. They also found that earnings forecasts were more frequent when the offer was made with stock, when the stock was highly valued and when the acquisition synergies were difficult to value for outsiders.

**M&A Processes**

We have found rather few studies of the actual M&A processes, including the bidding, negotiation and completion of the mergers. However, some authors stress the relation between long-term success and integration strategy. Research suggests consistently that somewhere between 50-75% of private sector mergers fail to live up to expectations. Many of the sources suggest the main reason for this is poorly managed post-deal integration. Nguyen & Kleiner (2003) argue that the success of mergers has a direct correlation with the amount and quality of planning involved. Insufficient resources are often allocated to establishing strategic objectives and insufficient due diligence is carried out. The paper points to various earlier studies showing that mergers are most likely to fail because of poor strategy and management, cultural issues, lack of communication and a clear vision.
The authors mention eight ‘golden rules’ for successful integration, based on an analysis of 700 international deals. These rules are: directors should get out of the boardroom; set direction for the new business; understand emotional, political and rational issues; maximise involvement; focus on communication – which is the critical factor for successful integration; provide clarity around roles and decision lines; continue to focus on customers; and be flexible.

Moss Kanter (2010) suggests that merging companies should think of three sets of activities during merger integration. The first is to run ‘dual companies’, i.e. the old and the new side by side, then move to one company and finally to a new company. Firstly, running parallel operations and dual companies during a transition period allow people to keep their identities, control the pace of change, and learn new ways with open minds. Secondly, she suggests finding ‘...common human bonds, and encouraging relationships beyond tasks’ to help forge an ‘...emotionally united culture’ and moving to one company. Finally in moving to the new company, a business model should be created which is not identified with either of the previous companies, removing issues of territory and potential conflict. Kanter also concludes that the financial aspects of the deal should not be over-emphasised. Instead creating real value requires the integration of talent.

Stroope and Hagemann (2010) discuss the power of culture in mergers, particularly where one legacy company has a more ‘powerful’ culture than the other. The authors state that most companies fail to meet their merger goals because of the ‘...unintended and unexpected impact on human capital’ wiping out expected gains. There are four steps suggested by Stroope and Hagemann which leaders should take to offset these issues and make the integration process a success. These are: over-communicate with employees, make it a group development experience and check what support they need; focus on engagement and retention to avoid fragmentation by holding frequent meetings and allowing time to talk; create a 90-day transition plan to create a sense of urgency as this period after the transition is the most crucial as employees and customers will be scrutinizing the new organisation; and lead by example and monitor your own reaction to the change.

Chatterjee (2007) examines why M&As between firms are considered to be complementary but different businesses run into problems. These firms, which are seeking benefits in terms of increased revenue from cross-selling, or efficiencies, often find they fail to materialise. One well-known example is the merger between AOL and Time Warner.

Gerds and Strottman (2010) argue that much of the existing literature examining the reasons for merger successes or otherwise, although voluminous, is anecdotal. They identify the following
“myths” about post-merger integration: The first of these myths is that with post-merger integration ‘the faster, the better’ to realise synergy and achieve success. However, the data showed that factors driving synergy risks are in terms of poorly understood financial figures, complexity of implementing synergy goals and inadequate implementation planning. A second myth is that national mergers are less risky than cross-border ones. Their analysis indicates that this is not the case. In fact, the main risk factors are internal structural risks rather than external. The third myth highlighted is that employee resistance is the largest integration barrier. Although people risks do cause post-merger integration failures, these risks are commonly misunderstood. For instance, resistance is often at the level of senior management. Furthermore, people risks depend on the levels of redundancy and the emergence of a ‘winner-loser mentality’. Finally, the myth that soft factors are more important than hard is incorrect as both are equally important to successful post-merger implementation.

**M&A outcomes and impacts**

In theory, M&As create synergies, gain economies of scale, expand operations and cut costs. Investors expect mergers to deliver enhanced market power. Those who advocate mergers will argue that the merger will cut costs or boost revenues by more than enough to justify the price premium. However, it is no secret that many mergers are less successful; many things can go wrong along the way, as mentioned above. Empirical results reveal that many mergers are disappointing; motivations that drive mergers can be flawed and efficiencies from economics of scale may prove optimistic. Some of the literature suggests no significant abnormal return whereas others suggest negative return. Several reports indicate that the acquiring company shows a negative post-merger development whereas the acquired company benefits from the merger (Meeks 1977, Firth 1980, Dickerson et al 1997).

Which indicators are used to decide whether M&As are successful? In a review of the literature on the consequences of M&As on companies’ performance, Ismail et al. (2011) concluded that there is a dispute regarding factors affecting the reported performance, where eight factors might affect performance as follows: (1) method of payment (cash or stock), (2) book to market ratio, (3) type of merger or acquisition transaction (related or unrelated), (4) cross-border versus domestic M&A, (5) mergers versus tender offers, (6) firm size, (7) macro-economic conditions, and (8) time period of transaction. Altogether, the literature is inconclusive, with great differences across sectors and industries. Interestingly, very few studies argue that macro-economic conditions affect the post-merger performance. Previous studies argue that timing of the transaction do not affect post-merger performance.
Clougherty et al (2012) investigate the impact of cross-border mergers in terms of wages. They present a theoretical model which enables analyses of both positive “spillover effects” and negative “bargaining effects”. They found that spill-over effects are more common under low unionisation rates and bargaining is more dominant under high unionisation rates. Furthermore, ‘spillover’ effects tend to be more dominant with inward cross-border mergers, while ‘bargaining’ effects tend to be more dominant with outward cross-border mergers.

Do acquirers profit from acquisitions or do CEOs overbid? That is the main question for Malmendier et al (2012) using an approach to estimate the long-run abnormal returns to mergers exploiting detailed data on merger contests. In the sample of close bidding contests, they use the loser’s post-merger performance to construct the counterfactual performance of the winner had he not won the contest. They found that bidder returns are closely aligned in the years before the contest, but diverge afterwards: Winners underperform losers by 50 percent over the following three years.

2.2. Mergers across the public sector
In principle, higher education is public, but the way higher education institutions are regulated is different. Higher education institutions may be publicly-owned by government or other public sector such as run by municipalities, but they can also be run by private foundations. Although universities may have private license holders, governments still have the opportunity to ‘steer’ from a distance with output focused state funding and institutional autonomy of universities (Orr et al., 2007). Still, both public and private higher education institutions represent "public interest" and in Europe they are under government regulation. In the Nordic universities’ case, growing institutional administrative and financial autonomy is the trend, but governments are "steering from distance". Governments however, are the principal providers of funding for most higher education institutions in Europe (Aarrevaara & Dobson, 2013). The policy that governmental goals for higher education institutions are set by European governments is relatively new (Enders et al., 2013).

Higher education institutions act in educational and research markets, but public interest strongly defines those institutions’ responsibilities and how they are organised. From this perspective, higher education mergers and alliances can be interpreted as part of a broader framework of public sector structural and regulative reforms and post-bureaucratic forms of governance (King, 2007; Schmidt, 2011). There are significant contradictions between disciplines and schools where organisational
mergers are concerned. Economic theory examines the situation from the economies of scale point of view, and finds utility in the efficiency and dynamics of work. The organisation theory school is critical of this and emphasises that transaction costs will be higher when units are expanded. As public activity is controlled by means of regulation, mergers have complex consequences for public organisations. A change of unit size does not necessarily affect an organisation's income and expenditure, and the concept of there being of an optimally-sized unit does not necessarily make any sense.

In the public sector, mergers can be pursued for reasons other than calculations-based optimisations, such as stronger management structures and more flexible pools of resources (Harman, 2000). Money is not necessarily an obstacle once it has been decided that there should be a merger! In public organisations, the price-setting objective is not the key issue that it is in mergers between private companies. The main actors can demonstrate their approaches without clear policy guidance to provide structure, creating inconsistent development plans and opportunities (Goddard & Palmer, 2010).

Cost saving is often the main reason for a merger. For public organisations, mergers are an important way to develop services in fields like education, health and social work. The plans are based on centralised health care or a new regional government tier for health and welfare services with fewer municipalities (Moisio, 2012). This still unrealised plan for 2013 has factors in common with the other Nordic countries’ actual local government reforms. A similar reform regarding goals and process was implemented in Denmark in 2007 with reform initiatives with “value for money”, and in Norway the responsibilities of the central government and the regions were redistributed in 2002 with innovative initiatives in the form of partnerships (Jorgensen 2007). As Finland has a two-tier government, Sweden has the third level (län), and the number of municipalities is already small. So, the pressure to merge in the public sector in Sweden is not as high as it is in Finland. Municipal mergers have come up in connection with the provision of services, lowering tax rates, and the availability of professional personnel in health, social work and education. Whatever the strategy, it is not enough to guarantee a successful implementation (Pina et. al., 2011)

Although mergers might eventually achieve savings, when they are being implemented, they will almost always cause delays. In economic theory, the problem is also that the nature of services in the public sector is not contextualised. The public choice theory has brought the private sector perspective to public organisations, through which all public and private institutional arrangements and transactions can be meditated (Wilkins, 2012). On the other hand, the same is recognised in neo-
institutional theory, paying attention to the gap between macro and micro level analysis of these phenomena (Cai, 2008).

Problems faced by public organisations in merger processes have been outlined in the scholarly literature. In Norway, the employment and national insurance services merged in 2005-2006 as a Norwegian welfare administration Norwegian labour and welfare service (NAV). The NAV combination is by far the largest of the central government's reorganisations. The evaluative literature on NAV reports clearly that the risks in the merger processes were related to the choice of reference organisations, overlapping stages of the merger process and the appointment of management (Askim et. al., 2008).

The Norwegian NAV merger was strongly controlled by the ministry, which during the framing phase named the reference organisations from the rest of the public organisations (Askim et al., 2008). The reference organisations had similar processes to NAV, but the scale was substantially less than in the NAV case. Reference organisations’ information did not operate as expected, which made it more difficult for success in large new-established organisation. The organisations’ external expertise was also sought when appointing the key persons, and the "independent" managers were appointed from the outside to avoid favouring the pre-merger organisations. This solution did not give recognition to the merging organisations, or their knowledge and their perspectives, which in turn reduced the commitment to the merger process. It seems, that the overlap between different phases of a merger process was a risk in NAV case, as the key players' merger expectations were not realised. Overlapping phases occurred because decisions were made unpredictably when the debate was still on-going in the other phases of the process. In the NAV case, the overlap between process phases and the lack of opportunity for discussion caused commitment problems.

The phase of influencing participation and the agenda for the transition process was controlled far less by the ministry and the leaders of the interim than the framing phase was. The participants were more optimistic about their opportunities to influence the framing phase than could be possible in reality. The new organisation was rapidly adopted by the Ministry, even though the consequences of the dialogue between the participants on the NAV and the terms of dialogue had not been clearly defined. The outline of the organisation was more on the new management’s shoulder than the participators shoulders (Askim et. al. 2011).

It seems that there is a strong confidence in the central government’s ability to implement wider merger programmes for public administration with an optimistic view on timetable for public sector
mergers. It is clear, however, that building a whole-of-government system across organisational boundaries takes a long time, and major reforms are far from being neutral administrative techniques. Slow implementation factors include accountability systems, dominant organisational cultures of merged institutions and structural arrangements (Christensen et. al. 2009).

What can be learnt from public sector mergers that could assist in the successful execution of higher education mergers? First, the determination of price and the economic benefit of mergers are problematic. Such figures may be associated with the promise of benefits that never come to pass. The ‘rules’ that might be appropriate for the hospital sector might not be the same rules that would work in merger situations involving institutions of higher education (Nakamura, 2010). Why should the same merger rules work in small and large specialised multi-faculty universities? From the structural point of view, the idea is that an administrative federalism model will strengthen the capacity of the local public sector to take responsibility for the provision of welfare services. For the division of work between hospitals and local government, it is still unclear how local public sector fits in regarding the responsibility for hospitals (Moisio 2012). Hospitals provide a good point of reference for comparing universities in merger processes and reforming work cultures within strong professions. This is because hospitals and universities are both expert organisations, with different professions working towards a common goal, but working independently of each other, and with different approaches being taken by different professions.

In a study of US hospitals, Sinay and Campbell (2002) compared the performance of a group of hospitals that merged with a matched control group of “synthetically” merged hospitals. The total sample includes 84 cases. The authors calculated the operating performance for each group, merging hospitals and synthetically merged hospitals, using the following indicators: efficiency, changes in labour, changes in supply inputs, services rendered, beds, costs, and the use of full-time employees. The study showed some efficiency gains for merged hospitals. In another study of hospitals, Groff et al. (2007) used Data Envelopment Analysis to test whether there were changes in efficiency associated with hospital mergers in the U.S. The sample included hospitals that had merger activity in the years 1994 and 1995 as well as a matched control group. The selected sample included 166 hospitals (77 in 1994 and 89 in 1995) that were involved in mergers. The results revealed that there were no detectible improvements in efficiency in the first year after the merger but that efficiency improved significantly in the second year after the merger.

Second, instead of arguments based on funding, it is reasonable to focus on the benefits of performance. Determining what benefits will ensue from a new mode of operation is ambiguous, and
the practices from the previous organisation that can be eliminated. Also, in universities there are regulations which can make a broader scope of services more complex than expected.

Third, attention should be paid to the motives of the key actors and their roles. In the public sector it is typical that the managers in charge of everyday management are also responsible for change management. For this reason, managers should have a contract for their own position in the new situation, or be provided with a safe exit from the organisation. In university mergers it would also be reasonable for current managers to know if they should stay or go, and on what terms.

2.3. Mergers involving higher education institutions

Scholarly interest towards merger processes involving HE institutions can be traced back to the 1930s (Barnes 1999), yet it was not before the mid-1970s that the topic became prominent amongst policy and academic circles in North America (Bates and Santerre 2000; Millett 1976; Peters 1977). This geographic scope was expanded during the 1980s, with mergers becoming an integral component of policy frameworks and change dynamics across higher education systems such as Australia (Gamage 1992; Harman 1986). During the 1990s, mergers came to the forefront of efforts to reform or modernize higher education systems throughout Western Europe (Kyvik 2004; Skodvin 1999) and parts of Asia, like China (Cai 2007; Huang and Zhang 2000). In their introduction to a special issue dedicated to the topic, Harman and Meek (2002) refer to the phenomenon of mergers as covering a geographic scope spanning four continents: Canada, Great Britain, the Netherlands, Hungary, Vietnam, New Zealand, Australia, Norway and Sweden. More recently, the African continent has also become an integral part of the so-called “merger fever” as a means of restructuring higher education affairs, as illustrated by the South African case (Bresler 2007; Hay and Fourie 2002).

There are a variety of reasons or rationales for mergers among higher education institutions. At the level of the superstructure (Clark 1983) and as a policy instrument (Olsen and Maassen 2007), mergers are thought to enhance system integration (rationalization), improve quality of teaching and research, and of addressing issues pertaining to equity (e.g. enrollment contraction) and the (cost-) efficiency of the domestic higher education system as a whole (Harman 1986; Kyvik 2002). A recent review of the literature, covering the period 1970s-1990s, identified the most important reasons for merging as being related to the need to: boost efficiency and effectiveness; deal with organizational fragmentation; broaden student access and implement equity strategies; increase government control over higher education systems; greater decentralization; and, establish larger organizations (Ahmadvand et al. 2012). All in all, mergers are thought to have the potential for producing
substantial long-term benefits for individual providers and the system as whole. These include, but are not limited to: (a) the establishment of larger and more comprehensive institutions; (b) stronger academic programs; (c) improved student services; (d) enhanced student choice; (e) greater institutional flexibility; and, (f) under certain conditions, increased efficiencies and cost-savings (Harman and Harman 2003; Harman and Meek 2002). A common rationale for resorting to mergers amongst academic institutions lies on the establishment of larger units, thus resulting in academic and administrative economies of scale (Norgard and Skodvin 2002; Pinheiro 2012).¹

At the level of the individual higher education institution, the rationale and motivation for embracing mergers as a strategic management/planning mechanism (Toma 2010; Zechlin 2010) pertains to the urge to address financial problems and emerging external threats such as falling student demand and fiercer competition (Goedegebuure and Meek 1994; Harman and Harman 2003; Pinheiro and Stensaker 2013), in addition to the changing needs and demands of key, external stakeholder groups (Pinheiro 2012; Pinheiro et al. 2012b). Studies from the private higher education sector (period 1960-1994 and resorting to statistical regression analysis) reveal that mergers are more likely to occur amidst rises in faculty salaries and the decline in tuition rates (Bates and Santerre 2000).

Merger processes can be broadly categorized as either voluntary or forced (mandated) by government (Harman and Harman 2003). Qualitative studies from Australia (1980s mergers) suggest that voluntary amalgamations tend to take place when tertiary institutions fear governments will mandate restructuring (Curri 2002). More recently and in a number of countries, there has been a shift from mergers initiated from the ‘top-down’, by governments, as a means of dealing with so-called ‘problem’ cases, towards institutional-initiated amalgamation processes involving strong institutions and with clear strategic objectives (Harman and Harman 2008).

A number of key challenges come to the fore as far as merger processes are concerned. It is generally recognized in the literature that mergers are a complex and painstaking activity for institutions and staff alike (Bresler 2007; Cartwright et al. 2007; Wan 2008). Not only do mergers bring profound leadership/managerial-related challenges (Goedegebuure 2011b), but coherent, cohesive and sustainable integration efforts tend to take a long time to materialize, usually about a decade (Mao et al. 2009). Studies, from South Africa, on staff perceptions towards mergers indicate that the former are not necessarily opposed to the process, but that careful consideration needs to be given to certain personal factors (e.g. staff fears and anxieties), in order to ensure an effective merger (Hay

¹ For a discussion on economies of scale (and scope) in higher education, consult Koshal and Koshal (1999).
and Fourie 2002). More recent studies from South Africa and the UK highlight the stressful potential of the pre-merger period on the staff involved on the one hand, and the positive role of consultation and involvement during the merger process, from design to implementation to evaluation, on the other (Becker et al. 2004; Cartwright et al. 2007). Inquiries from Australia indicate that integrated merged campuses provide more scope for tighter cultural integration - around the notion of ‘integrated communities’ - when compared to federal structures, and that expert leadership is a key condition for minimizing cultural conflict and the development of new loyalties around a shared sense of community (Harman 2002; for similars accounts from South Africa see Kamsteeg 2011 and Bresler 2007). “A particular cultural challenge for higher education leaders is to manage the merging of divergent campus cultures into coherent educational communities that display high levels of cultural integration and loyalty to the new institution.” (Harman and Harman 2003: 38)

Studies from South Africa provide statistical evidence of the effect of a drastic life-changing event like mergers in the actualization of academics' intellectual potential and emotional skills, thus accentuating the importance of timeous and continued assessment of the ongoing functioning and well-being of academics involved in mergers (Maree and Eiselen 2004; see also Theron and Dodd 2011). There is also evidence of the critical role played by certain agents during the design and implementation phases. For example, a recent merger leading to the establishment of the third largest public higher education institution in the state of Ohio (USA) points to “the efforts of a number of [key] individuals who recognized the potential advantages of a merger and worked quickly through challenges by early engagement of stakeholders [local politicians included] in the merger process.” (McGinnis et al. 2007: 1187)

A UK-based study covering a total of 30 mergers exercised between the late 1980s and the mid-1990s found that in two out of three cases the final, formal decision to merge was preceded by a period of inter-institutional collaboration, yet the latter factor was not found to be critical for success as such (Rowley 1997a). Evidence from Australia suggests that, in order to achieve organizational change resulting from a merger, the congruence between a set of key factors is critical to achieve desired outcomes, with the data pointing to the relationship between dimensions such as leadership, restructuring, the management of staff relations, organizational development, external pressure for change, and organizational change (Curri 2002). Similarly, in China, Cai (2007) demonstrates how academic staff integration resulting from a merger between three separated institution was aided by factors such as cultural compatibility amongst the pre-merger institutions and managerial transparency. In Australia, Gamage (1992: 89) reports the critical factors aiding the successful merger between two institutions in the mid-1980s as being; the voluntary nature of the merger; the lengthy, deliberative
and consultative period taken to finalize the final agreement; and the leisure pace at which it was executed.

A recent study adopting a social identity approach - suggesting that pre-merger group membership, socio-structural characteristics and underlying motivational processes affect people’s responses to a merger - provides empirical evidence for the fact that discrepancies between what merger partners want and what they actually get out of the merger affects outcomes that are essential to merger success (Gleibs et al. 2013). On the basis of a government mandated merger between two UK-based institutions, the authors successfully predict and empirically demonstrate that members of the high- (university) and low- (polytechnic) status groups involved in the process, desired merger patterns that optimize their status position in the newly merged organization (Gleibs et al. 2013). Whereas members of the low-status group preferred a merger pattern where both groups were equally represented, members of the high-status group were keen on integration-proportionality and assimilation. More specifically, it was revealed that misfit that indicates a negative outcome (loss of status) for the pre-merger group leads to decreased support towards the merger. In contrast, misfit that indicates a positive outcome (gain in status) for the in-group was not found to negatively affect merger support. According to Cai (2006: 223): “In a post-merger process, if the staff members feel that their organisation has been transformed into one with higher prestige, the new identity will accordingly change their ways of thinking and their behaviour patterns…because pursuing higher academic status is a common value and behavior tendency among academic staff.”

A review of the literature by Harman and Harman (2003) revealed the following aspects:

- Voluntary mergers are easier to organize and tend to be more successful than forced ones, “largely because it is possible to achieve a substantial degree of staff involvement in negotiations and implementation, leading usually to a strong sense of ownership.” (31-2);
- Consolidations (i.e. mergers involving similar institutions) are, generally speaking, more demanding and involve difficult tradeoffs such as choice of the new academic structure, the portfolio of courses to be offered, etc.;
- Cross-sectoral mergers pose special dilemmas since institutions from different sectors often have distinct missions, roles and cultures, in addition to distinct funding bases;
- Finally, mergers of institutions possessing the same or a similar range of disciplinary fields often mean greater commonality in academic cultures, thus easing cultural integration, yet they also tend to require considerable rationalization of course offerings in order to realize cost savings.
In short, there is some evidence pointing to the complexity of the process surrounding mergers, either voluntarily or forced, and to the criticality of key variables in predicting successful outcomes. Nonetheless, scholars are careful in drawing bold conclusions from specific case situations by drawing attention towards the criticality of the contextual circumstances surrounding mergers; ranging from changes in national regulations, demographic trends and migration patterns, regional and national competition, institutional histories, resource dependencies, leadership structures, academic aspirations, etc. (Cai 2007; Goedegebuure 2011a; Goedegebuure and Meek 1994; Kyvik 2002; Locke 2007; Pinheiro and Stensaker 2013).

Finally, what do we know when it comes to the mid- and long-term effects or outcomes of mergers involving higher education institutions? Whilst investigating the effects (after 3 years) of the merger between two Australia institutions in the mid-80s, Gamage (1992: 88) found both realizable synergies as well as shortcomings. On the positive front, significant progress had been made with respect to the upgrading of existing and the development of new, academic programs, as well as an enhanced institutional profile and market recognition (e.g. by becoming the 6th largest national university); reflected in increased student demand and membership in the prestigious domestic ‘League of Big Universities’. Yet, despite this, academic integration (staff synergies) in the realm of teaching was found to be far from optimal, and, more importantly, economies of scale (financial efficacy) failed to be realized.

In South Africa, de Beer et al. (2009) found the academic performance of students based at different campuses resulting from the incorporation of a historically black university (HBU) into a historically white university (HWU) to be rather significant, despite remarkable similarities when it comes to academic programs, local support structures, and student profiles (prior educational achievement, socio-economic and cultural background, language proficiency, etc.). The data show that student achievement at the HBU campus was poor in comparison with that of HWU. The authors report that students (within the vicinity of the township) who felt that they were separated from the “main campus” were also “situated” in a perceived learning space (“second-rate campus”) that was not conducive for their academic development, largely due to an environment characterized by negative thoughts (perceived inferior status) and continuous protests by students.

In their review of the existing international literature, Harman and Harman (2003: 42) state the following with respect to the outcomes generated by merger processes:
“Overall, well-planned and sensible merger efforts appear to have been largely successful, even if the merger proposals were strongly contested at the time. In many cases, mergers have resulted in larger and more comprehensive institutions, with stronger academic programmes and support service, more choice for students and increased capacity for organisational flexibility. While mergers generally involve additional expenditure rather than cost savings in the short term, often there have been substantial longer-term gains, although care needs to be taken with many of the claims made about potential economies of scale.”

In his study of merger processes (period 1987-1994) involving UK-based higher education institutions (30 cases), Rowley (1997b: 12) concludes that 90% of the mergers can be considered as rather successful. In retrospect, the author stresses that “while most HE mergers are the outcome of a rational, planning process, like corporate mergers they include many unanticipated consequences, some of which are strategically significant (ibid.).

In China, Wan and Peterson (2007) reveal the most significant benefit of a merger dating back to 1994 as being an enhanced academic portfolio, with limited gains when it comes to administrative effectiveness. According to the authors:

“...the integration of academic structure is now accomplished to a large extent, although not without tensions and conflicts in the process. The new institution now gives more breadth and choice to their students. There are clear indications that the merger has improved the academic position of the new institution, especially in regard to the breadth of different education (ibid., p. 695).

Having said that, a number of interviewees stressed the fact that a thorough evaluation and assessment of the long-term effects of the merger will only be feasible within the time-frame of one or two academic generations.

Recent studies from South Africa (Eastern Cape Province) tentatively suggest that the synergic effects, both administrative and academic, emanating from mergers have the potential for a stronger degree of academic engagement with regional actors at a variety of levels, thus augmenting the

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2 In the UK, Rowley (1997: 11) found that although a few case-institutions saw the potential for rationalization and of achieving economies of scale, this was not the main driver behind the merger.
potential benefits of the presence of a university (i.e. its various educational sites or multiple campuses) across a given geography (Pinheiro 2010; Pinheiro 2012).

Across the Nordic countries, and in recent years, Denmark and Finland have resorted to mergers as a means of restructuring their domestic higher education landscapes. They are now being followed closely by Norway and Sweden. In Denmark, a number of mergers, rapidly completed during 2006, resulted in twelve instead of 24 institutions as of 1st January 2007. The main aims of the mergers were to:

- Strengthen Danish research and university education – also in an international context;
- Increase the universities' proportion of business collaboration and innovation;
- Increase the universities' ability to attract international research funding, including EU-funding;
- Enhance services for the public authorities

The research on the Danish mergers is so far dominated by evaluation reports and internal university internal papers. In an evaluation conducted already during 2009, an international panel concluded, that the mergers showed some early positive effects but also that were not yet completed. Furthermore, the evaluators thought that it was no time to discuss the profiles of the universities and the Danish higher education landscape as a whole (MSTI 2009). In one of the more comprehensive analyses, Foss-Hansen (2012) has described the political process preceding the mergers. She describes the merger process as a “forced voluntary” process and the Danish approach to mergers as pragmatic, in a complex process involving a large number of actors at different levels. Furthermore, Pinheiro and Stensaker (2013) undertook an analysis of the restructuring of University of Aarhus as an example of entrepreneurial university design, where, amongst other things, a matrix organizational structure and new internal governance arrangements were adopted.

In Sweden, there have been a number of mergers the last years. The policy background can be described as a shift from focus on widening participation and expansion of the HE system, to more focus on quality (excellence), both in education and in research. The government has become increasingly encouraging, explicit and even demanding in this respect. There have been both takeovers, e.g. just recently Uppsala University and University College Gotland and the hostile/forced takeover of Stockholm Institute of Education by Stockholm University. A voluntary, horisontal merger

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3 There are now three dominating universities in Denmark: Copenhagen University, Aarhus University and the Danish Technical University.
of two HEIs of fairly equal status – University College Kalmar and Växjö University resulted in the creation of the Linnaeus University (Geschwind & Melin 2011; Lundqvist 2011). Currently, a new Arts college is being formed in Stockholm, as a consequence of a merger between three small Arts colleges. There are also other mergers and strategic alliances being discussed at the moment. So far, not many research reports have been written about the Swedish cases. Most of the literature is in the form of “grey literature”, analyses and reports evaluating and assessing before and after the completed mergers (Broström et al 2005; Ekholm 2008; Ekberg 2011; Högskolan på Gotland 2011; Melin 2013) or descriptions of the processes “from the inside” (Bladh 2013).

Also in Finland, a number of mergers have taken place recently as a result of major funding and governance reforms (Aarrevaara et al 2009). The most well-known and probably the most well-researched is the creation of the Aalto University in Helsinki (e.g. Aula & Tienari 2011; Heimonen 2011). However, there have been a number of other mergers as well, both in the higher education sector and in the polytechnic sector, the creation of the University of Eastern Finland being an example and the new polytechnic in Tampere, TAMK, being another. The consequences of mergers, in terms of strategic priorities and staff experiences have also been studied (Ursin et al 2010; Ursin 2011).

In Norway, waves of mergers have swept over the country for decades. As documented and analysed by for instance Kyvik (2002, 2004, 2009), the university college sector has undergone dramatic changes resulting in fewer but bigger regional colleges. Recently, some university + college mergers have been undertaken in Oslo and in Tromsö and a number of other possible mergers have been investigated and considered. During the last decade, Kyvik and Stensaker (2013) identified 14 initiatives of which four have so far been completed mergers. Skodvin (1999) has identified success and failure factors in HE mergers including cases from the Nordic countries and, in a later paper, the geographical and cultural aspects of Norwegian mergers (Norgard & Skodvin 2002).

3. Discussion and implications
Having reviewed a considerable body of literature with respect to mergers involving private- (for profit) and public- organizations, as well as those within the field of higher education, a number of key aspects come to the fore. Most studies involving the private sector tend to focus on structural effects and adopt a rather quantitative approach. In contrast, investigations across the public sector – within and beyond higher education – are more qualitative in nature given that they prefer to focus
on the importance attributed to ‘soft factors’ such as cultural integration, communication, leadership, etc. More often than not, investigations are conducted within a single institution/national system, thus not being truly comparative in nature. Many studies lack a theoretical framework and/or sophisticated conceptual perspective. Interestingly, the research literature on mergers in the Nordic countries seems to mirror the higher education research capacity in each country. There are great differences in terms of quantity and theoretical ambitions. Whereas Finland and Norway have produced a large number of, theory-based, research papers, the mergers in Sweden and Denmark have been scrutinized to a much lesser degree.

When one looks at the *rationale* for mergers, i.e. the arguments used by leadership structures to legitimize such processes, there seems to be a convergence of approaches between the private and public sectors across a number of key dimensions. The most salient aspect is that of *size*, with claims arguing that this is a key factor in securing future growth, leveraging efficiency (economies of scale and scope), and enhancing survivability in an increasingly competitive market place. This, we hypothesize, is largely a result of the fact that in traditional public sectors like higher education government-led reforms have been inspired by *New Public Management* (Christensen and Lægreid 2011) and, consequently, have resulted in the introduction of market-based mechanisms such as contracts (Gornitzka et al. 2004), performance-based funding (Jongbloed and Vossensteyn 2001), deregulation or privatization (Teixeira and Amaral 2007), the rise of strategic science regimes (Rip 2004), etc. (see also, Dill 1997; Salminen 2003) This is part and parcel of a much larger (on-going) process or ambition of transforming higher education institutions into more “complete organizations” that not only are responsible for their own destinies, i.e. act strategically, but are also fully accountable to the various publics they serve and society at large (Pinheiro and Stensaker 2013; Ramirez 2010). The irony is that, as higher education institutions increasingly resemble the organizational models prevalent across the private sector (Etzkowitz et al. 2008), for-profit firms increasingly resort to structural features widespread across higher education; loose-coupling, horizontal structures, multiplicity of functions, etc. (Pinheiro et al. 2012a). Turning back, briefly, to the issue of size (economies of scale), it is worth re-iterating the fact that the empirical evidence so far is rather inconclusive in this respect. One possible explanation could be that size, and the benefits associated with it, might act as a *legitimization* device (Drori and Honig 2013; Suchman 1995) whilst gathering adequate support, internal as well as external, towards the merger process, thus ensuring its realization (formalization) on the one hand and ultimate success (implementation) on the other.

The second aspect worth pointing out relates to the importance associated with the need to develop a distinct institutional profile in the form of enhanced *differentiation*. Like firms, public sector
organizations such as universities increasingly operate in a fiercely competitive market-place (Kehm and Stensaker 2009; Marginson 2004). Seen from the perspective of the architects of the mergers, either the central administration (“voluntary”) or the government (“forced”) (see Harman and Harman 2003), mergers provide a unique strategic opportunity (Zechlin 2010) to explore existing (teaching and research) synergies in the quest for the development of a distinct institutional profile (Pinheiro and Stensaker 2013) and/or market brand (Stensaker 2007). What is remarkable, as far as higher education is concerned, is the similarity in terms of the public language being used.

As far as process-related issues go, few studies to date have looked in-depth to the complex intricacies associated with the implementation of the merger process, particularly in the case of higher education institutions. This, we contend, can be due to a number of factors, not least the fact that in-depth analysis are rather time consuming since not only they require the adoption of mixed methods approaches/triangulation (desktop analysis of key documents, interviews, gathering of key data, etc.), but also due to the fact that such “opaque” processes (e.g. communication, decision-making, power-politics, etc.) are far from being accessed in an unproblematic manner. Having said that, the picture taken from the existing literature is that, independently of the sector in question, successful operations are dependent on rigorous planning, a well-structured integration, shared goals, strategies and visions, and open communication with all the parties involved. Needless to say, this implies having the full support from the academic heartland, as demonstrated in earlier inquiries (Clark 1998).

Finally, when it comes to the outcomes of mergers, one of the weaknesses present in the existing literature – public and private organizations – lies on the fact that most studies tend to access the effects of the merger process at a given point in time (“one shot”) rather than approaching it in an evolutionary fashion which, obviously, requires gathering pertinent data at particular points in time, i.e. by resorting to a longitudinal design.

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