Higher Education Dynamics 46

Rómulo Pinheiro
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Mergers in Higher Education

The Experience from Northern Europe

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Part I
Setting the Stage

Chapter 1
A World Full of Mergers: The Nordic Countries in a Global Context

Rómulo Pinheiro, Lars Geschwind, and Timo Aarrevaara

1.1 Introduction

Interest in merger processes involving higher education institutions (HEIs) can be traced back to the 1930s (Barnes 1999), but it was not until the mid-1970s that the topic became prominent – in North America – in policy and academic circles (Millett 1976; Peters 1977; Bates and Santerre 2000). The initial limited geographic scope was expanded during the 1980s, with mergers becoming an integral component of policy frameworks and change dynamics across a multiplicity of higher education (HE) systems, such as in Australia (Gamage 1992; Harman 1986). During the 1990s, mergers came to the forefront of efforts to reform or modernize domestic HE systems throughout Western Europe (Skodvin 1999; Kyvik 2004) and parts of Asia, such as China (Huang and Zhang 2000; Cai 2007). By the turn of the new century, and in their introduction to a special journal issue dedicated to the topic, Harman and Meek (2002) refer to the phenomenon of mergers as covering a geographic scope spanning four continents and the following countries: Canada, Great Britain, the Netherlands, Hungary, Vietnam, New Zealand, Australia, Norway and

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Sweden. More recently, the African continent has also become an integral part of the so-called 'merger fever' as a means of restructuring HE, as illustrated by the South African case (Hay and Fourie 2002; Bresler 2007).

This introductory chapter takes stock of the existing literature on mergers involving HEIs across the globe. Our analysis is structured along the following key aspects or merger phases: (a) rationales and drivers leading to mergers; (b) the 'black box' of the merger process; and (c) the short- and long-term effects or outcomes of mergers and their respective 'success factors'. The chapter ends with a brief overview of the different parts that make up this comparative volume, including a short summary on each of the individual chapter/case contributions.

1.2 Higher Education Mergers: Taking Stock of the Existing Literature

1.2.1 The Rationale for Merging

The existing literature on the topic sheds light on a wide variety of reasons for merging HEIs. At the level of the 'superstructure' (Clark 1983), and as a policy instrument (Olsen and Maassen 2007), mergers are thought to enhance system integration or rationalization, improve quality of both teaching and research, and address critical issues pertaining to *equity* (e.g. enrolment contraction) and the *efficiency* of domestic HE systems (Harman 1986; Kyvik 2002). A review of the literature covering the period from the 1970s until the 1990s has identified the most important reasons for merging as being related to the need for:

- boosting efficiency and effectiveness
- dealing with organizational fragmentation
- broadening student access and implement equity strategies
- increasing government control over higher education systems
- greater decentralization, and
- establishing larger organizations (Ahmadvand et al. 2012).

All in all, mergers are thought to have the potential to produce substantial long-term benefits for individual providers as well as systems as a whole. These include, but are not limited to: (a) the establishment of larger and more comprehensive institutions; (b) stronger and a greater variety of 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 Meek 2002; Harman and Harman 2003).

At the level of the individual HE institution, the rationale and motivation for embracing mergers as a strategic mechanism (cf. Zechlin 2010) pertains to the urge to address financial problems and emerging external threats such as falling student demand and fiercer competition, on the one hand (Goedegebuure and Meek 1994;

Harman and Harman 2003; Pinheiro and Stensaker 2014), and, on the other, to the changing needs and demands of various external stakeholders (Benneworth and Jongbloed 2010; Pinheiro 2015a). A common rationale for resorting to mergers between academic institutions relies on the establishment of larger units, thus resulting in academic and administrative economies of scale (Norgård and Skodvin 2002; Pinheiro 2012; Pinheiro et al. 2013).

Mergers can be broadly categorized as either voluntary, i.e. initiated by HEIs themselves, or forced, i.e., mandated by the government (Harman and Harman 2003). Qualitative studies from Australia on the mergers wave in the 1980s suggest that voluntary amalgamations tend to take place when 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).

Studies from North America in the private HE sector, focusing on the period 1960–1994 and resorting to statistical regression analysis, reveal that *ceteris paribus* mergers are more likely to occur amidst rises in academic salaries and the decline in rates of tuition fees (Bates and Santerre 2000).

1.2.2 The Black Box of the Merger Process

There is wide evidence pointing to the fact that mergers are a complex and painstaking activity both for institutions and for the academic and administrative staff (Bresler 2007; Cartwright et al. 2007). Not only do they bring to the fore profound leadership- and managerial-related challenges (Goedegebuure 2011), but coherent, cohesive and sustainable integration efforts tend to take a long time to materialize, lasting on average around a decade (Mao et al. 2009). Studies from South Africa, focusing on staff perceptions of mergers, indicate that staff are not necessarily opposed to the process, but that careful consideration needs to be given to certain personal factors, such as staff fears and anxieties, to ensure a so-called "effective merger" (Hay and Fourie 2002). Similarly, studies from South Africa and the UK highlight two important aspects. First, the stressful potential of the *pre-merger period* on the staff involved; and second, the (positive) role of consultation and staff involvement during the entire merger process, from design to implementation to evaluation (Becker et al. 2004; Cartwright et al. 2007).

Inquiries from Australia resorting to the conceptual notion of 'integrated communities' suggest that integrated merged campuses provide more scope for tighter *cultural integration* when compared with federal structures, and that proper leadership is a key condition for minimizing cultural conflict and fostering the development of new loyalties around a shared sense of community (Harman 2002; see also Bresler 2007; Kamsteeg 2011). According to Harman and Harman (2003, p. 38), 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."

Studies from South Africa provide statistical evidence of the effect of a drastic life-changing event, such as a merger, in the actualization of academics' intellectual potential and emotional skills, hence, accentuating the importance of timely and continuous assessment of the functioning and well-being of the staff directly involved with the merger process (Maree and Eiselen 2004; see also Theron and Dodd 2011). Further, there is evidence of the critical role played by certain individuals (*agents*) during the merger- design and implementation phases. For example, a merger leading to the establishment of the third largest public HE institution in the US state of Ohio, 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, p. 1187).

A UK-based study, covering 30 mergers in the period late 1980s-mid 1990s, found out that in two-thirds of the cases, the final, formal decision to merge was preceded by a period of *inter-institutional collaboration*, yet the latter was not found to be a critical success factor *per se* (Rowley 1997). 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 for achieving so-called 'desired outcomes', namely; leadership, restructuring, the management of staff relations, organizational development, external pressure for change, and real organizational change (Curri 2002). Similarly, Cai (2007), in the Chinese context, persuasively demonstrates how academic staff integration was aided by cultural compatibility amongst the pre-merger institutions, in addition to transparency in management decision-making. In Australia, Gamage (1992) reports the critical factors aiding the successful merger between two institutions in the mid-1980s as being threefold: (a) the voluntary nature of the merger; (b) the rather lengthy, deliberative and consultative period taken to finalize the final agreement; and, (c) the leisurely 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, in essence, are thought to be 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- and low- status groups involved in the process (universities and polytechnics, respectively) desired merger patterns that optimized their status position in the newly merged organization (Gleibs et al. 2013). Whereas members of the low-status group preferred a pattern where both groups were equally represented, members of the high-status group were keener on integration-proportionality and assimilation. More specifically, it was revealed that a mismatch that indicates a negative outcome (loss of status) for the pre-merger group leads to decreased support for the merger. In contrast, a mismatch that

indicates a positive outcome (gain in status) for the in-group was not found to have a negative impact on merger support *per se*.

Similar findings have been corroborated by Cai's studies of Chinese mergers:

> 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 behaviour tendency among academic staff. (Cai 2006, p. 223)

A decade ago, a review of the literature by Harman and Harman (2003) revealed the following critical 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." (pp. 31–32);
- *Consolidations* (i.e. mergers involving similar institutions) are, generally speaking, more demanding and involve difficult trade-offs 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 different funding bases;
- Mergers of institutions possessing the *same or a similar range of disciplinary fields* often mean greater commonality in academic cultures, 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 empirical evidence pointing to the complexity of the process surrounding mergers, either voluntarily or forced, and to the criticality of specific key factors in predicting outcomes. Nonetheless, scholars are careful in drawing conclusions from specific case situations by casting light on the need to pay careful attention to contextual circumstances surrounding mergers. These circumstances include; changes in national regulations, demographic trends and migration patterns, regional and national competition, institutional histories, resource dependencies, leadership structures, academic aspirations, etc. (Cai 2007; Locke 2007; Goedegebuure and Meek 1994; Goedegebuure 2011; Kyvik 2002; Pinheiro and Stensaker 2014).

1.2.3 Outcomes and Success Factors

What do we know when it comes to the mid- and long-term effects or outcomes of mergers involving HEIs? Whilst investigating the effects (after 3 years) of the merger between two Australian institutions in the mid-1980s, Gamage (1992) found both realized 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 sixth largest national university). These were reflected in increased student demand and membership in prestigious domestic league of universities. Yet despite this, academic integration (staff synergies) in the realm of teaching was found to be far from optimal, and 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 quite 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 at the 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 to 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 (early 2000s), Harman and Harman (2003, p. 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 30 merger processes (in the period 1987–1994) between UK-based higher education institutions, Rowley (1997) concludes that 90 % of the mergers can be considered as quite 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" (Rowley 1997, p. 12).

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. (Wan and Peterson 2007, 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 would only be feasible within the time-frame of one or two academic generations. One telling example is

the creation of the University of Ulster in 1984, a "shotgun marriage" according to Pritchard and Williamson (2008). Twenty years after the merger, almost two-thirds of survey respondents thought the former organization had been "a happier place" (Pritchard and Williamson 2008, p. 9).

Recent studies from South Africa (Eastern Cape Province) tentatively suggest that, in the mid- to long-term, the synergic effects, both administrative and academic, emanating from mergers have the potential to lead to a stronger degree of academic engagement with regional actors at a variety of levels, thus augmenting the potential benefits of the presence of a university (i.e. its various educational sites or multiple campuses) in a given geographic region (Pinheiro 2010, 2012).

In conclusion, studies so far have focused on a number of key dimensions associated with mergers involving HEIs, revealing that the process is a complex and multifaceted one, yet with considerable knowledge gaps – not least as far as process-related issues are concerned.

1.2.4 Mergers in Nordic Higher Education

The Nordic HE landscape has undergone a profound transformation in recent years. This process is partly a result of substantial changes in society such as declining birth rates, an ageing population, and the rise of a global knowledge economy, in addition to broad policy efforts aimed at the modernization of the public sector and, consequently, the future sustainability of the welfare state. As with their counterparts elsewhere, Nordic HEIs are increasingly expected to respond more efficiently to the needs of society. Amongst other aspects, this implies taking on board a new set of functions, like economic development/innovation, and exercising their activities in a more efficient and socially accountable manner (cf. Pinheiro et al. 2014). Fiercer competition for students, staff and funding is leading HEIs to search for the benefits associated with economies of scale. In other words, *size does matter*, as the old saying goes.

One of the strategic measures being undertaken is that of mergers or amalgamations between existing domestic providers. Across the Nordic countries, and in recent years, Denmark and Finland have resorted to mergers as a means of restructuring their respective HE landscapes. They are now being followed closely by Norway and Sweden. Although a number of rational reasons for merging can be raised, both from the side of providers as well as regulators/funders, the benefits for both individual institutions and the system as a whole are far from obvious, as illustrated in some of the contributions to this volume.

Hansen (2014) has characterized mergers in Denmark as a "forced voluntary" process based on the adoption of a pragmatic approach, in a complex process involving a large number of actors at different levels. In Sweden, the policy background can be described as a shift from a focus on widening participation and expansion of the HE system, to more focus on quality (excellence), both in teaching and in research. In Norway, waves of mergers have swept over the country for decades,

with the governmental approach shifting from forced (mid-1990s) to voluntary (2007–2014) back to "forced voluntary" mergers (2015-onwards), as in Denmark. In Finland, the mergers have been part of the structural development government policy, but the actual mergers can be categorized as voluntary processes.

1.3 Organizational Perspectives on Mergers

In this section, we review key assumptions associated with major theoretical perspectives in organizational studies, from rational choice to more culturally-laden approaches (associated with the historical transition from conceiving of organizations as closed towards more open systems, Scott 2008), and link these to the investigation of merger processes involving HEIs (the focus of this volume). Needless to say, and due to space limitations, our discussion is not exhaustive but it simply serves to illustrate the importance of approaching mergers from a broader organizational behaviour standpoint rather than taking HE dynamics as our point of departure (as many authors prefer to do). That said, it is worth pointing out that only a few of these perspectives, most notably resource dependency and institutional theory, have been operationalized in detail in the case chapters, in spite of the fact that many of the features highlighted by the schools of thought described below are touched upon, in one way or another, by many of the individual contributions composing this volume.

1.3.1 Population Ecology

Proponents of this perspective argue that long-term change in the diversity of organizational forms within a given population (i.e. a set of organizations) occurs through environmental *selection* (Hannan and Freeman 1977, 1989). A basic assumption is that the majority of organizations possess structural inertia which hinders adaptation during periods of environmental change. This, in turn, results in the survival of the fittest, i.e. those types of organizations that become incompatible with the environment are eventually replaced through competition, by new organizational forms that are better suited to rising external demands. A population ecology perspective on mergers involving HEIs would contend that the new forms or designs, i.e. the merged HEIs, are the result of environmental adaptations, and thus, all things being equal, the likelihood of future survival and success is higher than would be the case by continuing standing on its own. A number of studies have suggested that mergers are often motivated by the need to increase responsiveness to environmental dynamics, such as the changing needs and expectations of various stakeholder groups (Pinheiro et al. 2012; Pinheiro and Stensaker 2014). What is more, increasing *size* and the need to enhance internal *diversity* (e.g. to explore inter-disciplinary synergies) are often seen as a pre-requisites for success in the

context of a highly dynamic and increasingly competitive market place (Pinheiro 2012), henceforth making mergers an attractive strategic option.

1.3.2 Structural Contingency Theory

Some scholars argue that the appropriate organizational structure depends on the *contingencies* being faced by the organization; stated differently, there is no such a thing as a "one design fits all" (Pennings 1987; Donaldson 1999). The theory puts a strong emphasis on the level of 'fit' or alignment between internal structures – strategies, goals, activities, norms and values, etc. – and environmental dynamics (Burton and Øbel 2013). The argument goes that organizations whose internal characteristics tend to fit with key environmental contingencies (e.g. external calls for increasing responsiveness or societal engagement) will perform better, all things being equal. That is, they will perform more effectively when compared with organizations whose characteristics do *not* fit with their external contingencies in a given situation. For example, a low level of specialization may enhance performance in the case of smaller organizations, whereas the reverse often holds true in the case of larger and more complex organizational forms (Donaldson 2008). Following this line of thought, a structural contingency view on mergers involving HEIs would argue that these are justified when the external contingencies facing the organizations in question require them to adopt this particular strategic posture. Earlier studies suggest that mergers involving HEIs are more likely to occur in periods of disruptive environmental change. This includes, but is not limited to, a decline in the number of students and the income they help generate and, consequently, a rise in internal costs. This leads to the classic economies of scale argument, i.e. the need to improve efficiency and performance, which is often used as the main contingent justification for merging two or more HEIs (Harman and Harman 2003; Goedegebuure 2011; Ahmadvand et al. 2012).

1.3.3 Resource-Dependence Theory

Organizations, particularly public ones, are dependent upon external resources for the realization of their internal goals and core tasks (Pfeffer and Salancik 1978, 2003). This basically means that they need to accommodate the expectations of resource holders, such as the government and other major funders, whilst devising new structures, strategies and activities. Earlier studies suggest that resource dependencies exercise a considerable degree of influence over merger processes in at least three ways. First, since resource holders, primarily government agencies, tend to provide additional financial incentives for merging or restructuring ("the carrot approach"). A compelling example is the recent merger waves involving HEIs in Finland and Norway. Second, given that in the majority of countries, the current

funding systems for public allocations to HEIs are partly based on input metrics, i.e. "more students equals more funding". This, in turn, motivates HEIs to search for higher enrolment rates to increase their annual budgets and/or the portion of the public appropriation by the state (cf. Johnstone and Marcucci 2010). What is more, larger institutions not only tend to be more resourceful but also have a stronger influence at the system level, thus limiting the influence exerted upon them by certain resource holders, such as the government. Size, however, is a double edge sword, since the larger the institution, the more resources it requires to meet its goals and undertake its daily operations. One example of resource dependency is falling student demand, which has been found to be a key driver for merging HEIs (Goedegebuure and Meek 1994). Finally, rising costs and the need to reduce them – through economies of scale – act as major drivers as well (Bates and Santerre 2000; Harman and Meek 2002; Kyvik 2002). The aforementioned aspects, we contend, point to the importance of resources and resource dependencies in merger processes, from design to implementation to performance measurement.

1.3.4 Path-Dependence Theory

For social scientists interested in processes of change, the concept of path dependency is useful. It has often been defined simply as "history matters" or "the past influences the future" (Greener 2002; Clark and Rowlinson 2004). Mahoney (2000) argues that path dependence is a specific characteristic of those historical sequences in which contingent events set institutional patterns or event chains in motion. The identification of path dependence, therefore, involves tracing a given outcome back to a particular set of historical events and showing how these events are themselves contingent occurrences that cannot be explained on the basis of prior historical conditions. Path dependency is closely related to what historical institutionalists term 'critical junctures', i.e. the adoption of specific institutional arrangements at a specific moment (Cappocia and Kelemen 2007). These junctures are "critical" because once beyond that point, it becomes progressively more difficult to return to an earlier stage. This is a contingent event. Once one alternative has been chosen over another, self-reinforcing processes take place which makes other possible routes implausible (Mahoney 2000). When it comes to mergers, approaching the process from a historical, path-dependence perspective on the evolution of the HEIs is of great relevance to understand merger dynamics and its observed outcomes (cf. Pinheiro et al. 2012).

1.3.5 Network Theory

Network perspectives on organizations contend that the latter are dependent on relationships, mutual interests, and reputation, and that they are less guided by a formal structure of authority as such (Powell 2003). There is solid empirical evidence suggesting that inter-organizational network arrangements (a) foster learning; (b) represent a mechanism for the attainment of status or legitimacy; (c) provide a variety of economic benefits; (d) facilitate the management of resource dependencies; and (e) provide considerable autonomy for employees (Podolny and Page 1998). Trust or social capital is a critical component within a network arrangement, given that the parties involved tend to share sensitive information about its internal operations with outsiders (Cook 2005). Shared norms and belief systems (e.g. as a result of earlier socialisation) tend to reduce the cognitive dissonance between actors, thus enhancing trust between stakeholders (Braithwaite 1998). Insights from network theory have been critical in building a better understanding of stakeholders' influences in organizational design and behaviour (Rowley 1997). These help to improve our understanding of how organisations respond to (or not) the demands of multiple stakeholder groups. Hence, a network perspective on mergers focuses on the sets of mutual beneficial and reinforcing relationships amongst HEIs and their various internal and external stakeholders that, on the whole, may either have a positive or negative impact on the merger process. Earlier studies have shed light on the salience of external stakeholders' agendas when it comes to change processes in HE (Jongbloed et al. 2008; Pinheiro 2015a), including mergers (Stensaker et al. in press).

1.3.6 New Institutional Theory

New or neo institutional theory focuses on how organizations and the environment are related to, and affect, each other (Brint and Karabel 1991; Hall and Taylor 1996). For example, this theory focusses on how certain organizational models or *archetypes* are disseminated within a given organizational field (cf. Greenwood and Hinings 1993), and/or these are adapted ('translated') to local circumstances (Czarniawska-Joerges and Sevón 1996). Further, the neo-institutional perspective focuses on the importance attributed to structures of meaning at different levels that are deeply embedded in rules, standard operating procedures, norms, identities and traditions in organizational fields (DiMaggio and Powell 1983). This is intrinsically associated with the 'logic of appropriateness', where emerging circumstances are matched to existing (taken for granted) formal and informal rules (March and Olsen 2006). An example here is the legitimation of change and the language used by senior management whilst launching change agendas within organisations (Deephouse and Suchman 2008). A central tenet of the new institutional tradition lies on the fact that, over time, and as a result of a phenomenon known as

'isomorphism', organizations operating within a given organizational field will tend to become more similar (DiMaggio and Powell 1983). Hence, we argue that taking into account the highly institutionalized environments in which contemporary HEIs operate (Olsen 2007) is of critical significance whilst assessing merger processes across the organizational field of HE.

1.3.7 Cultural-Related Approaches

Scholars have long shed light on the importance attributed to the less visible or informal structures of organizations such as norms, values, belief systems and local identities (Smircich 1983). Institutional accounts of organizational change (above) or the lack thereof (inertia) have often referred to the role of local culture as an explanatory factor (Zucker 1991). Once institutionalized, culture becomes a 'taken for granted' dimension of organizations which can act as a major obstacle to environmental adaptation if/when a clash exist between 'old' and 'new' norms and postures (Zucker 1988). Similarly, organizational cultures with a more positive attitude towards change and experimentation are less likely to resist internal efforts (e.g. by management) to adapt existing formal and informal structures to environmental demands (Schein 2010).

The literature on mergers involving HEIs reveals that cultural dimensions are indeed important. Merging two or more distinct organizational cultures is a complex process which often takes an unexpectedly long time, and it is not always successful. According to Locke (2007), this is because the benefits are new organizational forms and increased organizational size, which in turn demand new management styles and organizational cultures. Mergers not only do offer opportunities for innovation to occur, but are part and parcel of an organizational innovation or transformation process *per se* (Cai et al. forthcoming). The factors affecting the success of mergers can be related to transparency of management and prestige (Cai 2007, p. 174). Some of the problems identified in earlier studies pertain to cultural clashes within HEIs, including the cultural implications of the post-merged phase, i.e. on how to integrate shared values, loyalties and attitudes and build a sense of collective identity (Harman 2002; see also Bligh 2006). Thus, a cultural perspective on mergers would pay close attention to: (a) the role played by institutionalized values, traditions and local identities associated with the former organizations (cf. Clark 1972, 1992); and, (b) the extent through which these are strategically aligned with one another (cf. Fumasoli et al. in press) on the one hand and to the vision/profile of the new (merged) institution on the other.

The analysis undertaken above drawing upon classic organisational perspectives raises a number of pertinent questions as regards mergers. How rational are the arguments being advanced to legitimize the process? Is the organizational field of HE becoming more or less similar to other fields (e.g. industry), for example, when it comes to competition and success factors, and if so, what are the possible consequences as far as mergers are concerned? Do mergers, as an archetype, result in considerable isomorphic pressures, and if so, what possible consequence does this

entail? How are leadership structures within HEIs reacting strategically to such developments, and what unintended consequences does this have for their organisations and the domestic systems in which they operate? What role, if any, path- and resource- dependencies as well as norms, values and identities play? These and other related questions fall outside the scope of the current chapter, but could be the object of future investigations, and an attempt will be made in this volume to revisit some of these queries in the concluding sections.

1.4 Nordic Universities: Between the State, the Market and the Oligarchy

Burton Clark (1983) described universities as balancing between the state, the market and the academic oligarchy. Despite its simplicity and limitations, this so-called 'triangle of coordination' has influenced many researchers of HE, functioning as an important heuristic whilst attempting to interpret system-wide dynamics across a variety of topics (cf. Pinheiro and Antonowicz 2015, in the context of governing access to HE). Without doubt, contemporary HEIs the world over are still depending on these three "angles", but it is also clear that other dimensions have become increasingly pronounced since Clark's initial writings. These include globalization and internationalisation, collaborative networks/partnerships, stakeholders, leadership, rankings, technology, etc. Notwithstanding their importance, and given the limited scope of our inquiry, we revisit Clark's original three elements in an attempt to interpret major shifts in the dynamics facing HE systems across the Nordic countries in the last two decades or so (Fig. 1.1).

When it comes to governance-related issues, the Nordic countries have, for a long time, been dominated by strong state control and the importance attributed to the needs and expectations of various stakeholder groups; reminiscent to Johan

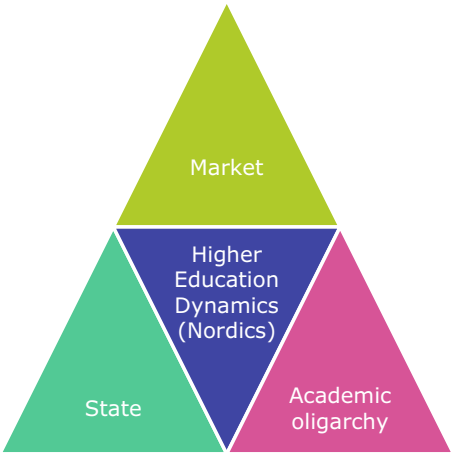

Fig. 1.1 Burton Clark's triangle (Source: Based on Clark (1983))

Olsen's 'corporate-pluralistic approach' (Olsen 1988). Writing on Sweden in the late 1970s, Clark contends that "…academic barons feel particularly pushed around by the state and outside groups." (Clark 1978, p. 74) Gradually, with the rise of the so-called 'stakeholder society' in the Nordic countries as elsewhere (Neave 2002), the state gave way some of its initial powers (to govern) to HEIs (increased autonomy) as well as introducing market-based mechanisms such as contracts and performance based funding (Gornitzka et al. 2004). This, in turn, led to increasing competition – and the need for differentiation –and enhanced complexity and ambiguity associated with the urge to accommodate multiple, often contradictory, demands emanating from a variety of external stakeholder groups (Jongbloed et al. 2008). What is more, this shift was accompanied by a change in the domain values of the systems involved (see Clark 1983, pp. 240–262), from an original focus on *egalitarianism*, *collaboration* and *horizontal differentiation* (along a binary divide) towards a more (market-based) meritocratic ethos emphasizing *excellence*, *competitiveness* and *vertical differentiation*. This development led to a number of tensions both within HEIs – e.g. between (stronger) management (the 'middle structure') and the academic heartland or 'understructure' – as well as between these and the 'superstructure' or governmental agencies (Clark 1983, for a recent account consult Pinheiro et al. 2014). That said, it is important not to overestimate the importance associated with the so called 'Nordic model' (Gornitzka and Maassen 2011), since, despite their similarities, there are substantial differences amongst the Nordic countries accounting for the ways in which the respective HE systems have evolved over time, and the mechanisms through which change and stability have been pursued, both by the state and the HEIs themselves. More importantly, there are also differences within countries and their HE systems (e.g. with respect to historical trajectories, the types of institutions, regional spread, etc.) that need to be taken into account, providing the backdrop for the current dynamics around mergers across the system. That said, it is undeniable that Nordic HE systems, like other systems around the world (cf. Marginson 2004), have increasingly become more 'market-based'. The latter phenomenon is linked in part to the "entrepreneurial turn" in Nordic higher education (Pinheiro 2015b), substantiated around the rise of strategic science and excellence as hegemonic policy regimes within the system as a whole (driven by the state) as well as inside the fabric of HEIs (driven by management).

It is against this backdrop or new reality, we argue, that mergers are thought to be a rather attractive *solution* – in the eyes of Nordic policy makers and institutional leaders alike – to the manifold *problems* (Cohen et al. 1972) posed by rising national and global competition. On paper, mergers are thought to result in stronger internal synergies with the potential for enhancing national and global competitive advantages (Porter 2008). This, in turn, leads us to another critical merger-related dimension alluded to earlier, i.e. the critical nature of *size*. In an increasingly competitive environment, larger institutions are thought to be better prepared to address the shifting demands of student publics and other key stakeholders such as government and/or industry. What is more, size increases market attention, thus making it possible to strategically explore brand management (Stensaker 2007) and institutional

profiling (Fumasoli et al. in press) at a different scale, as exemplified by the case of the recently established Aalto University in Finland (Tienari et al. in press).

1.5 The Rationale for This Volume and Its Scope

By nature, mergers include a time dimension. Earlier research, as described above, has addressed the various phases of mergers. Yet, the existing literature on mergers in general and those involving HEIs in particular is laden with methodological pitfalls and is rather inconclusive. Most studies lack a longitudinal approach, analysing the effects (structural, financial, cultural, etc.) of mergers over a period of time. More often than not, investigations are conducted within a single institution/national system, thus not being truly comparative in nature. What is more, little systematic attention has been paid to the complexities associated with the 'black box' of the process surrounding mergers – touching upon critical dimensions like decision-making, the role of external stakeholders, implementation, communication, leadership, etc.

An aim of this book is to address these knowledge gaps. More specifically, it investigates key procedural aspects associated with the different mergers stages, over a specific period of time during the last decade or so and in a comparative manner. The topic is of utmost importance to policy makers, institutional managers, social scientists, student audiences (public policy and administration), and society at large. This is so, given the considerable financial public costs involved with such re-structuring exercises on the one hand, and the largely unanswered queries regarding the *effects* on aspects such as equity, efficiency, quality; and the degree of responsiveness to the various stakeholder groups across the public and private sectors.

The volume encompasses cross-country contributions along *three*, key merger phases:

1. The key *drivers* and primary *rationale* for mergers with respect to government policy and the institutions involved, including the strategic agendas and future aspirations of individual sub-units;
2. The actual *organization* and *implementation* of the pre- and merger processes;
3. The *effects*, both short- and mid- term, of mergers in the inner dynamics of the institutions involved (with respect to selected dimensions such as core functions, institutional profiles, student enrolments, formalized structures, academic synergies, internal tensions, etc.)

The volume is organized along four distinct parts. Following the introductory chapter setting the stage for the country-specific analysis, Part II provides a broad, historical reflection on the key features associated with the dynamics and evolution of the four Nordic HE systems, ending up with an account of the key drivers and rationale (Phase 1, Fig. 1.2). This is followed (Part III) by a series of case studies illuminating the more procedural-related issues (Phases 2) as well as outcomes (Phase 3) surrounding mergers covering selected aspects. The volume concludes

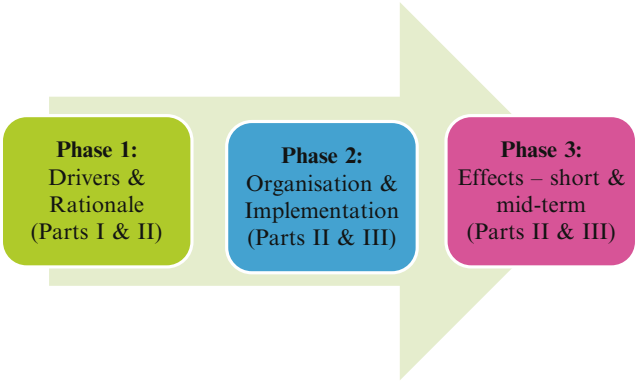

Fig. 1.2 Key merger phases covered in the book volume

(Part IV) by taking stock of the lessons learnt and by sketching out the implications of our findings to policy, practice and future research inquiries.

1.5.1 Part I

In the current chapter, the book editors provide an overview of the existing literature on mergers involving HEIs, in addition to linking classic organizational perspectives (core tenets) to an investigation of merger processes more broadly defined. The chapter briefly reflects on the historical interplay between state, HEIs and market forces in the Nordic context, against the backdrop of more recent developments.

1.5.2 Part II

In their contribution (Chap. 2), Kyvik and Stensaker highlight the importance of mergers in the context of the institutionalization of Norwegian HE. In so doing, they identify three key merger phases, namely; state-initiated 'forced' mergers (early 1990s), 'voluntary' mergers driven by HEIs (2000–2013), and (back to) state-initiated 'forced-voluntary' mergers (2014-ongoing). By using 'institutional logics' as a starting point for their analysis, the authors contend that the different logics at play have historically matched well with the notion of mergers as a solution to perceived problems facing the entire sector, thus making mergers more attractive.

Chapter 3, by Benner and Geschwind, analyses the preconditions and forms of consolidation in the Swedish HE system in the last decade. The authors found that, after a rapid development and expansion of the system in the decade 1994–2004, several policy initiatives were undertaken as to consolidate and streamline the

sector. More importantly, it is shown that the reorganization of the domestic HE system has resorted to experimentation in order to determine which models fit best. The chapter's main conclusion lies on the fact that, in Sweden, and in contrast to other countries, recent dynamics are best characterized as a sort of strategic "game" between rational actors aiming to clarify the gains and potential losses of mergers instead of a top-down process based on forced re-organizations.

In Chap. 4, Aarrevaara and Dobson identify no less than six critical reform phases at system level that are of relevance to mergers in the Finnish HE context, which is characterized by a binary model composed of universities and polytechnics ('universities of applied sciences'). The analysis demonstrates that mergers were largely initiated by HEIs themselves, as a strategic response mechanism to the changing environment resulting from the various government-led reforms, most notably the 2007–2008 structural reform aimed at enhancing efficiency and effectiveness. The chapter concludes by outlining a recent development across the system, namely, the erosion of the binary divide, which may result into a new round of mergers involving institutions belonging to different sectors.

In Chap. 5, the last chapter of Part II, Aagaard, Hansen and Rasmussen sketch out the changing domestic HE landscape in Denmark over the past 15 years, which has been driven by the series of cross-sectorial mergers involving universities and governmental research institutes, leading to the establishment of fewer but larger ('stronger') HE providers. What is more, the authors outline the key changes experienced across the different levels of the system (types of institutions), and reflect upon significant similarities amongst them. The latter part of the chapter casts light on the key factors enabling the mergers to occur, and highlights some of the existing (still unresolved) challenges that the Danish HE system is currently facing.

1.5.3 Part III

In Chap. 6, Mathisen and Pinheiro analyse the merger between two Norwegian university colleges, which led to the establishment in 2011 of the Oslo and Akershus University College of Applied Sciences. Three aspects of the merger are analysed in detail: (a) the background to and motivation behind the merger; (b) the relationship between actors belonging to the two organizations; and (c) communication processes and the role played by the central leadership structures. Conceptually, the authors make a distinction between conceiving of organizations as either instruments or institutions, and discuss three main perspectives associated with these ideas. The case study shows that actors' behaviour was shaped by a combination of instrumental and institutional perspectives. More specifically, their analysis highlights the importance of endogenous and exogenous influences, with the findings underlining the importance of "soft" aspects like values, culture and identity.

In Chap. 7, Arbo and Bull investigate the voluntary merger process involving three Norwegian institutions based in the northern-most part of the country, and

along two distinct merger phases. They identify a number of key factors affecting – enabling or constraining – merger implementation and outcomes. For example, institutional context and leadership were found to play a critical role, alongside dimensions such as geography, size, and institutional distinctiveness. Their analysis also sheds light on the importance of external support by regional actors and their respective political platforms, and that, in the end, negotiations and compromise (power relations) amongst the parties are critical steps in the attainment of desired outcomes.

In Chap. 8, Geschwind, Melin and Wedlin provide an analysis of the process of creating a new university, via a merger of two existing Swedish universities, with a special emphasis on aspects like brand and identity formation. Their analysis suggests that branding acts as a strategic tool for identity construction on the one hand, and reputation building on the other. What is more, the study also found out that, through help defining the essence composing the new institution – both inside and outside organizational boundaries – branding facilitates cultural and structural integration following a complex, tumultuous and value-laden merger process.

In Chap. 9, Karlsson and Geschwind contrast two distinct 'takeover' merger processes, termed as 'hostile' and 'friendly'. Amongst other aspects, their analysis reveals the type of merger to be of limited importance when compared to the merger drivers, rationale and the process *per se*. On the whole, financial drivers were thought to be easier to manage than cultural-ideological ones. Somewhat paradoxically, the 'hostile' case was characterized by cultural incompatibility, but was found to deliver more positive early outcomes, suggesting that processes laden with conflict in the earlier stages are not necessarily doomed to fail.

In Chap. 10, Sutela and Cai study three stages in the merger of Pirkanmaa University of Applied Sciences (PIRAMK) and Tampere University of Applied Sciences (TAMK), one of the earliest mergers in the polytechnic sector in Finland, namely; merger planning, post-merger integration, and merger outcomes. Based on interviews with key stakeholders and documentary studies, they found that, overall, this merger could be defined as a success story. One of the explanations suggested is the nature of the post-merger institution as a limited company which makes TAMK a stronger and more independent actor when it comes to financial management and decision-making. A large number of staff and students were engaged in the preparation and implementation of the merger. Furthermore, the authors conclude that the merger process was managed in a systematic way and was well-organised, and that the change became more favourable over time.

In Chap. 11, Tirronen, Aula and Aarevaara examine the merger process that resulted in the establishment of the University of Eastern Finland. Their investigation sheds light on the change process seen from within. Their analysis concludes that, although the process was a bottom-up one, driven by the local actors themselves, the internal transformations resulting from the merger need to be assessed against the background of much larger structural changes set in motion by the government.

In Chap. 12, Aagaard, Hansen and Rasmussen zoom in on three selected cases of the Danish university mergers: University of Copenhagen, Aarhus University and Aalborg University. The chapter shows how the Danish university merger processes

have had a number of different faces across the sector, despite a common starting point and the same overall political incentives. Furthermore, the authors highlight a complex interplay between top down and bottom up dynamics and shows how individual institutions have translated and transformed the overall national objectives in order to make them fit with their own institutional goals. Furthermore, the chapter shows how chance, uncertainty and conflicting institutional interests ended up influencing the overall result of the merger process.

Finally, in Chap. 13, Aagaard, Hansen and Rasmussen cast light on the effects from three distinct mergers in Denmark. Their comparative analysis suggests that context does matter, with a different set of factors influencing the observed outcomes. That said, their study also points to similarities across cases. For example, in two out of the three cases, both the character and speed in which the mergers were executed were found to affect the degree of staff involvement throughout the process. This, in turn, determined the overall sense of ownership, a determinant success factor, according to the authors. What is more, it is stressed that the complexity inherent to merger processes cannot simply be captured by looking at a set of isolated variables, and that researchers should, instead, investigate carefully the interplay between various factors like context, actors and implementation.

1.5.4 Part IV

In the book's closing chapter, Geschwind, Pinheiro and Aarrevaara revisit the main empirical findings across countries and cases and draw some general conclusions regarding HE mergers in the Nordic countries. The volume ends with a discussion regarding implications for policy and practice.

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Part II
Path Dependencies & System Dynamics

Chapter 2
Mergers in Norwegian Higher Education

Svein Kyvik and Bjørn Stensaker

2.1 Introduction

In Norway, higher education has traditionally been organised in two separate sectors: universities and specialised university institutions, and professional schools and colleges providing short-term and vocationally-oriented educational programmes. Until 2014, mergers of institutions mostly took place in the non-university or college sector, but recent policy initiatives have put mergers between universities and colleges on the agenda. Hence, the binary structure of the Norwegian higher education system has been under pressure.

Different strategies can be identified for how mergers take place. National authorities can opt for mandatory processes where the main issue is how the merger process can best be organised and how system functioning and effects can be optimised or, in more deregulated higher education systems where institutions have more autonomy, merger decisions are shifted from the national political level to the institutional level. As a consequence, the decision to merge or not becomes voluntary, although institutions may also face situations where politically created framework conditions make it difficult for the institutions not to engage in merger initiatives (Rowley 1997).

In this chapter, we provide a description and discussion of how the government has used forced mergers of institutions to transform the higher education system,

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and also how individual institutions have used voluntary merger initiatives as a strategy to enhance their status and relative position in the higher education system.

We use the perspective of institutional logic as a way to frame our analysis (Friedland and Alford 1991; Thornton et al. 2012). The institutional logic perspective is a way to identify patterns of actions within a given organisational field. We argue that mergers in the Norwegian higher education system can be understood and explained by reform ideas, actions, and beliefs that can be linked to different institutional logics, more specifically a bureaucratic and a market logic. In these two logics we can identify different arguments about why mergers should be undertaken, and how the process should be organised. For example, the decision to merge or not may be mandatory or voluntary, or initiated and run by the state or the institutions alone, although institutions may also face situations where they are politically 'encouraged' to merge (Rowley 1997).

In this chapter, we argue that the different logics operate in parallel, although with shifting influence and impact on political actions (Friedland and Alford 1991). We also argue that the logics impact on the behaviour of the universities and colleges in the system, and that this can create interesting system dynamics as institutions engage in merger initiatives to limit competition, gain market share, or expand geographically, to name a few (Bower 2001; Harman and Harman 2003). Interesting dynamics have also been created when mergers have been used by individual institutions to enhance their status and reputation in the institutional hierarchy (Ursin et al. 2010). We identify three phases of mergers in the Norwegian higher education system, and end the chapter with a brief discussion on future scenarios based on current developments.

2.2 Institutional Logics as a Perspective to Analyse Mergers

Institutional theory has been a key perspective for analysing higher education for a long time. The prime example is Burton Clark's seminal book on the higher education system (Clark 1983), which in essence was based on key assumptions and ideas taken from the so-called 'old institutional' theory, with a special focus on how individual higher education institutions could be characterised by their inherent values, norms and cultural beliefs (Stensaker 2004). However, Clark also paid attention to how higher education systems were governed, noticing that countries could be positioned and differentiated from each other with respect to their country-specific combinations of state steering, professional autonomy and market influence (Clark 1983).

In recent years, newer versions of institutional theory have further advanced the thinking around how this perspective could be used to analyse the governance of various organisational fields (Friedland and Alford 1991). The institutional logic perspective is one of these, and can be defined as a 'metatheoretical framework for analysing the interrelationships between institutions, individuals, and organizations'

(Thornton et al. 2012: 2). It is, in other words, an interesting perspective for analysing the relationship between policy ideas and initiatives on the macro-level and actions and dynamics at the micro-level. Although policy ideas and initiatives do vary across countries, it is possible to argue that, in general, policy initiatives in the last few decades have been heavily influenced by the idea of coordinating and regulating higher education systems using market and quasi-market mechanisms (Gumport 2000). Norway is no exception to this, although market-like governance mechanisms are far from being the only ideas to have been introduced in the sector (Stensaker 2004).

Although numerous institutional logics can be identified in a modern society, in this chapter we will distinguish between two partly competing, partly overlapping institutional logics which have dominated public reform ideas in Norway, and which are of special relevance for understanding and explaining mergers in higher education (see also Thorthon et al. 2012: 43): the *bureaucratic* logic related to maintaining public control over an expanding higher education system, and the *market* logic related to a belief that there is an alternative to administrative control, which involves institutions having a certain degree of autonomy and the state taking a more indirect role in the governance of the sector (Christensen and Lægreid 2003). In principle, the bureaucratic logic is associated with the belief that coordination of a social system is best accomplished by establishing formal authority over the entities in the system, and through the establishment of a clear division of roles and functions, rules and regulations. Hence, within the bureaucratic logic, hierarchy is seen as a necessity, and sanctions are needed to enforce actions. In the market logic, coordination is seen as being accomplished through competition in the social system, and this competition will result in a division of roles and functions. Although there is a need for some rules and regulations as to how the market should function, formal hierarchy is generally seen as causing 'market failure', and the general belief is that incentives are the most valid way to trigger actions (see also Thornton et al. 2012).

Interestingly, even if one could argue that the 'root metaphor' of the market is a dominant one in current public reform initiatives (Scott 2014: 90–91), it is also possible to argue that both the bureaucratic and the market logic can be based on some similar reform ideas. For example, over recent decades a number of reform initiatives in Norwegian higher education have been intended to foster greater standardisation within the sector. The introduction of a common act on higher education, the introduction of result-oriented planning as a mandatory requirement for institutions, a common funding system for the sector, and the development of a common career structure in all public higher education institutions in the country, are telling examples (Stensaker 2004; Kyvik 2009). In a bureaucratic logic, these reform initiatives can be explained by the need to reduce complexity in the sector, making public steering easier through the development of joint systems for administrative control. However, increased standardisation could also be related to a market logic by creating more similar institutions and thus facilitating greater competition between them. According to the key ideas behind this logic, competition will force some organisations to explore new niches and markets, and in this way standardisation could also indirectly facilitate increased organisational diversification.

Hence, although we may quite easily distinguish between institutional logics as root metaphors, they are perhaps more difficult to distinguish in practice. Possible implications are, first, that the two logics could be linked and thus impact on each other in interesting ways. Second, that reform ideas may be interpreted quite differently by different actors in the system, and third, that political shifts between different logics are not very difficult, since reform measures can be legitimised by both bureaucratic and market-based arguments.

In the following section, we will use the two institutional logics as an interpretative tool for describing and explaining three different phases of merger reforms in Norwegian higher education, and the dynamics that have driven system developments since the 1990s.

2.3 Three Phases of Mergers

2.3.1 Phase 1: The Merger of Regional Colleges in 1994

The first phase of mergers took place in the regional college sector in the early 1990s. However, to understand the reasons behind this large merger reform, we have to go back 50 years to when reorganisation of this part of the education system was suggested for the first time. Historically, the expansion of post-secondary education beyond university level was characterised by the establishment of a large number of professional schools and colleges in cities, towns and local communities throughout the country. This development has been described as two interrelated decentralisation processes: *geographical decentralisation*, which means that higher education spreads to regions and local communities outside the traditional university cities, and *institutional decentralisation*, which means that higher education spreads to institutions outside the traditional universities (Kyvik 1983). Eventually, these processes led to a highly dispersed and fragmented system composed of many small educational institutions.

In 1965, the government established a Committee on Post-Secondary Education to assess future needs for education at this level. This committee proposed a new type of higher education institution, to be created through mergers of existing professional schools in each of the two regions for higher education, and by developing new types of work-oriented education in study-centres called ‘district colleges’. The main arguments for this integration were to provide: a broader choice of courses; a broader and better professional environment for the teaching staff; a better utilisation of premises and libraries; and improved student welfare.

The Committee defined a district college as an organisational superstructure of short-cycle post-secondary education in a region, but recommended that a college should be concentrated in one place in order to obtain an effective integration of the various institutions. This proposal met with resistance from many of the schools concerned and their professional organisations. Hence, the question of integration was postponed, and the district colleges were established as autonomous institutions

for new types of short-cycle higher education programmes without any formal ties to the professional schools in the region (Kyvik 1981).

The geographical and institutional decentralisation process within higher education continued throughout the 1970s, with the establishment of new professional schools and district colleges in various parts of the country. In the 1970s and 1980s, a large number of small professional schools for teacher training, engineering, health education and social work, and other specialised schools were upgraded to being higher education institutions. By the end of the 1980s, the decentralisation wave in higher education had reached its peak. The college sector had developed into a highly differentiated and geographically dispersed system that called for measures to counteract the fragmented expansion. Regional boards, established in 1976 to coordinate the professional and vocational colleges in each of the 17 regions, had proved to be too weak to integrate the various study programmes (Kyvik 2002).

Subsequently, mergers of institutions were included as one of the premises in the mandate of a governmental committee (set up in 1987) to assess the future organisation of higher education. In its 1988 report, the committee proposed a reduction in the number of independent colleges, through mergers within each region. The official purpose was to create larger academic units, and to achieve administrative and economic scale effects (Kyvik 2002). In addition, an important reason for the merger of colleges into fewer units had to do with the Ministry of Education itself. Higher education was one of the largest state sectors. In 1990, it encompassed some 127 public institutions. In addition, 22 private institutions were receiving government support. The regional college system encompassed about 100 state institutions. The large number of colleges under the Ministry's auspices created considerable administrative capacity problems.

Furthermore, the idea of merging institutions was not new to policy-makers. Several other Western European countries had already been through this process, merging their many specialised professional colleges into a smaller number of multipurpose higher education establishments (Kyvik 2004). This was a structural reform that could be copied in a Norwegian context.

The outcome of this process was the establishment (in 1994) of 26 state colleges based on regional mergers of 25 colleges for teacher training, 16 engineering colleges, 30 colleges of health education, 3 colleges of social work, 6 music conservatories, and 4 other specialist colleges for other vocations. In addition, this reform encompassed 14 district colleges with programmes in economics and business administration, many other types of vocational programmes, and some university courses (Kyvik 2002). However, most of the formerly independent colleges were retained as geographically separate departments within the new institutions.

The conditions for bringing about this reform were quite different in the early 1990s in comparison to the late 1960s. The weaknesses of the regional college system were recognised, and the political opposition to a change in the educational system had weakened. The political decision to undertake large-scale mergers in the regional college sector, and the successful implementation of this decision in the early 1990s, were facilitated by cultural and ideological shifts. Mergers had long been an accepted means of achieving economies of scale in industry and business,

and this measure was also adopted by the government as a general reform strategy in public administration. The reforms of the public sector, inspired by New Public Management ideas, then spilled over into the field of higher education, creating a demand for larger and more cost-effective units (Christensen and Lægreid 2003). Thus, the proposal to merge the regional colleges into fewer units was consistent with prevailing trends in political and administrative thinking. Although one could argue that New Public Management ideas consist of a combination of market and bureaucratic logics, it was clearly the bureaucratic logic that dominated in the mergers in the college sector. The idea of hierarchy and the belief in public steering was clearly visible and was part of a political initiative to establish a division of labour in the higher education system. The launching of a "Network Norway" was the key political philosophy behind the merger process, in which the Ministry of Education was to decide which colleges were allowed to specialise in certain subjects and disciplinary areas (Kyvik 2009).

The university sector was not exposed to this merger process, with the exception of a forced merger between the University of Trondheim, the Norwegian Institute of Technology, and four other regional institutions, into the Norwegian University of Science and Technology (NTNU) in 1996 (Stensaker 2004).

Formally, the merger process resulted in the creation of a binary system with a division between a university sector (four comprehensive universities and six specialised university institutions) and a college sector encompassing 26 state colleges and some private colleges. The initial intention was that universities were responsible for basic research, graduate education and research training, while the colleges were responsible for a wide variety of short-cycle professional and vocational study programmes, and in addition took on some university programmes for basic and undergraduate education. Within certain fields, where the universities did not offer similar programmes, the new colleges could offer graduate education (Kyvik 2002).

However, over the next decade differences between the two sectors decreased considerably (Kyvik 2009). In 1995, the university academic rank system was introduced in the colleges, and in 1996 all public higher education institutions were regulated by a common act which specifically stated that the colleges should engage in research and that teaching should be research-based. Since 1999, the colleges have had the ability to apply for accreditation of PhD-programmes provided some specific criteria are fulfilled. Hence, the binary system came under pressure from colleges with university ambitions. As such, many tendencies of academic drift could be identified in the system, especially at Master's level, and in subject areas such as business education, nursing, engineering, and broader social science areas. Part of this development was possible due to a long-standing Norwegian tradition of emphasising student choice as an important factor when expanding the system. As a result, a merger initiative very much associated with bureaucratic logic was incrementally transformed, and ended up being played out according to a more market-based logic.

2.3.2 Phase 2: 2000–2013: Voluntary Merger Processes

In 2000, a governmental committee on higher education was set up to address the issue of institutional drift in the college sector, and the committee proposed that colleges and specialised university institutions be given the opportunity to be classified as universities provided they fulfilled of a number of specific requirements. In 2004, the government decided that colleges which fulfilled certain minimum standards could apply for accreditation to university status. Offering Master's degrees in at least five different areas and PhDs in at least four different fields were the most important requirements. These suggestions fit well with both bureaucratic and market logic, with the idea of clear regulation but also stimulation of competition among the universities and colleges. In order to attain university status under the new regulations, colleges chose different strategies: (a) to make it on their own, (b) to merge with a university, or (c) to merge with nearby colleges and create a network university (Kyvik and Stensaker 2013).

2.3.2.1 Individual Advancement

Three of the largest colleges had been aiming to become universities for many years. The cities of Stavanger and Kristiansand had competed with Tromsø for Norway's third university in the 1960s. They lost, but each gained a district college as compensation. In Northern Norway, Bodø is the second largest city (after Tromsø) and had been working towards having a university of its own, based on the district college. For these three cities and their state colleges, the obvious strategy was to obtain university status on their own. These efforts were successful, and resulted in three new universities (University of Stavanger in 2005, University of Agder in 2007, and University of Nordland in 2011).

2.3.2.2 Merger with a University

In 1999, the state college in Tromsø took the initiative of proposing a merger with the University of Tromsø. Negotiations followed and there was a tentative agreement that the two institutions should merge. Lack of enthusiasm from the university delayed this process, but in 2009 the merger process was completed with the incorporation of the college into the University of Tromsø (see Chap. 7 by Arbo and Bull in this book). In 2012, another college (Finnmark University College) merged with the university. These mergers have been characterised as 'take-overs' by the dominant university, even though – perhaps due to a perceived pressure to act - the mergers were initiated by the colleges (Kyvik and Stensaker 2013).

Several other initiatives were undertaken to merge colleges and universities. In Trondheim, the state college wanted to merge with the university but, after a negotiation process, this proposal was rejected by the university. Similarly, in 2009,

Bergen University College proposed a merger with the University of Bergen, but the university rejected this proposal without further negotiations. The main reason for these rejections was that the universities wanted to further their positions as research universities, and that a merger with a large college would have led to a 'hybrid-university' with a strong portfolio of professional programmes at Bachelor's level.

Merger discussions also took place between colleges and 'new' universities. Telemark University College proposed merging with University of Agder in order to achieve university status, but after 2 years of negotiations the university decided to end the process.

Mergers were also proposed by two of the new universities, who wanted to create larger and more viable institutions in their regions. The University of Stavanger invited the regional college to merge, but this offer was rejected. Similarly, the University of Nordland invited the two colleges in the region to merge, without success due to historical regional conflicts, large geographical distances between the campuses, and a fear of the colleges of being taken over by the university.

2.3.2.3 The Creation of a Network University

In Sweden, where three state colleges achieved university status in 1999 – a development that clearly influenced institutional drift processes in Norway – a fourth state college achieved this status in 2005. This college (Mid-Sweden University College) was established in 1993, under local initiative, as a network institution constituted by several formerly independent and geographically dispersed colleges (Nordling 1996). This experiment was followed closely by colleges in Norway, as a potentially replicable strategy for building a similar network university through mergers with nearby institutions, and the Swedish case was used in their arguments for similar organisational solutions (Kyvik 2009). After the turn of the millennium, several merger initiatives were undertaken by regional actors in Norway creating larger institutions that might qualify for accreditation to university status.

We have previously identified six merger initiatives between university colleges (Kyvik and Stensaker 2013), two of which succeeded: the 2011 merger between the two colleges in the Oslo region into Oslo and Akershus University College, and between two other colleges which became Buskerud and Vestfold University College in 2013. Both these mergers were motivated by the wish to eventually attain university status.

In our previous study, we examined a total of 14 voluntary merger initiatives which began between 1999 and 2011, of which 12 led to further negotiations between the potential partners. In 2013, seven processes had been terminated without coming to an agreement, four negotiations had ended in mergers, and one process was still ongoing. We found that the *successful* processes included mergers within as well as across the two sectors, mergers between institutions with similar as well as different academic profiles, mergers between institutions of equal as well as of unequal size, and mergers with a single-campus as well as a multi-campus outcome. The only two characteristics these mergers had in common were that the

initiative came from within the institutions themselves and that only two partners were involved. If we look at the *failed* merger initiatives, five of these involved three institutions. These five merger processes had much in common. Each of them involved colleges of about equal size, the mergers would have resulted in multi-campus institutions due to large geographical distances, and none of the partners would have the power to dominate decision-making in the merged institution. In three of these cases, external regional stakeholders had put pressure on the colleges involved to merge to be able to apply for university status. Hence, we suggested that it seems to be easier to attain a successful outcome in voluntary merger negotiations if only two partners are involved, and if the initiative comes from within the institutions themselves (Kyvik and Stensaker 2013).

The various merger initiatives were stimulated by the 2004 change which allowed the colleges to establish Master's degree programmes and apply for accreditation of PhD programmes. The large increase in the number of new Master's degree programmes with few students and many colleges' plans to attempt to gain university status worried the government. In 2007 a committee was set up to address challenges in the steering of the higher education system. In its 2008 report, the committee suggested abolishing the binary system through mergers of all public colleges with existing universities, in order to avoid the number of universities exceeding eight to ten establishments in the future. The government supported the suggestion for a reduced number of institutions, but stated that mergers should be voluntary and up to the institutions themselves to decide. This decision was in fact a continuation of previous policy; many colleges had already started the process of negotiation with other institutions in their region to assess whether a merger might be a possible and attractive solution.

The market logic implies that in the competition for students, resources, and status, individual institutions will try to create beneficial relations with other actors in the higher education system and position themselves in a favourable niche (Fumasoli and Huisman 2013). In Norway, individual colleges' strategic options were, however, constrained by other institutions' strategies and attempts to position themselves, making it difficult to come to joint agreements on merger decisions (Kyvik and Stensaker 2013).

In our previous analysis, we identified a number of drivers behind the many merger initiatives within the college sector (Kyvik and Stensaker 2013). First, due to increased competition for students and resources in this period, mergers were seen as a way to both reduce competition and expand the institutions' geographical coverage. Second, mergers could pave the way for more efficient institutions in that similar study programmes could be amalgamated. Third, besides the symbolic status of being a university, the formal status would also mean that the colleges could skip the process of seeking accreditation for Master's and PhD programmes, because universities have the legal status of self-accrediting institutions. Fourth, becoming a university is important in attracting and retaining research-focused academic staff, and developing the institution's academic profile in an increasingly competitive market for higher education.

2.3.3 Phase 3: 2014 and Beyond: State Initiated Forced Mergers

In December 2013, a new government took office proclaiming that higher education and research was one of its main priorities, and that there was a need to review the structure of the higher education system. The government blocked any further changes of status from university college to university until a new higher education structure was agreed. Echoing previous governments and political initiatives, the government questioned whether the current structure was appropriate for improving the quality of education and research. Too many institutions offered similar study programmes in the competition for students and financial resources. Hence, too many study programmes were below a critical mass of teachers and students. Furthermore, the Ministry of Education and Research regarded many university colleges as too small to meet future requirements for higher education provision and research environments, due to their weak administrative support capacity.

The Minister of Education and Research stated that the process of reducing the number of higher education institutions through voluntary mergers had collapsed, and that he intended to undertake structural changes by forcing all universities and colleges to come up with suggestions for possible merger partners. This move, initiated by a conservative minister, can be interpreted as a return to the more bureaucratic logic that characterised the mergers of the early 1990s. In the spring of 2014, the Ministry sent a letter to all colleges and universities instructing them to assess their options for merging with other higher education institutions and submit their response by early 2015. The letter specified a number of issues that had to be discussed and responded to, such as the preferred strategic institutional profile in 2020, and how this profile might be achieved in a domestic landscape with fewer institutions and increasing expectations regarding the academic standards of teaching and research. In particular, the institutions were asked to assess how they could become stronger through merging with other institutions.

In parallel with this letter, the Ministry initiated several related policy processes including adjustment of the sector's funding system, and several initiatives meant to stimulate the development of more world-leading research environments in Norwegian higher education. It is therefore possible to argue that market logic continued to influence the political initiatives undertaken by the current government, and that it was 'commodification' rather than 'control' that was the key motive behind the merger initiatives.

The governmental initiative led to a hectic process within the universities and colleges as well as between institutions in the various regions. The Minister held dialogue meetings with the individual institutions to encourage 'voluntary' mergers, threatening that reluctant institutions might be forced to merge with a nearby college or university. However, by the end of this process only ten institutions had come up with provisional merger agreements, namely:

- *Harstad University College and University of Tromsø – the Arctic University of Norway*: The decision by Harstad UC to merge with the University of Tromsø was controversial. The external representatives and students on the board of

Harstad UC over-rode the wishes of the rector and the representatives of the academic staff, who wanted to continue as an independent institution.

- *Telemark University College and Buskerud and Vestfold University College*: These colleges have a previous history of merger attempts, which were unsuccessful. Telemark UC then turned to the University of Agder in a strategic attempt to attain university status through merger, but after 2 years of negotiations the latter decided to continue as a university of its own. Finally, the two colleges agreed to merge, with the provision that the Government opened up the possibility that the merged institution might apply for accreditation to university status.
- *University of Stavanger and Stord/Haugesund University College*: The University of Stavanger had previously offered the regional college the chance to become part of the university, but the latter turned down this offer. However, in the course of the process following the new government's threat to force small institutions to merge with a university or other colleges, Stord/Haugesund UC made a provisional statement that the University of Stavanger would be its preferred partner.
- *Norwegian University of Science and Technology, Sør-Trøndelag University College, Ålesund University College and Gjøvik University College*: The decision to merge these four institutions was somewhat unexpected. Two of the colleges are located far from the university in the city of Trondheim, and the university itself was created only 20 years ago, through mergers of several local institutions. The merger decision was controversial, and the representatives of the academic staff on the university board voted against it.

Most other universities and colleges have signalled to the Ministry that they would prefer to keep their status as independent institutions, while a few institutions that had suggested a merger with a university or college were rejected by the other party. As a response, the Minister stated in a recent white paper that more mergers will take place in the near future (St.meld. 18 2014–2015). While the outcome of this process is not yet known, there seems to be a strong political will to force more institutions into making binding commitments to amalgamations. This situation resembles the scenario described by Rowley (1997) whilst arguing that, in some countries, the distinction between voluntary and forced mergers is sometimes blurred.

2.4 Mergers as Solutions, Drivers, and Mediators of Change

As shown above, merger processes have been a key ingredient of Norwegian higher education in the last 20 years, and will most likely continue be a topic high on the political agenda in the coming years.

From an institutional logic perspective, several interesting observations can be made based on the Norwegian case. A first observation is that, over time, mergers have been regarded as key solutions to the perceived problems in the sector – both from a bureaucratic and a market logic. Increasing the size of higher education institutions has been perceived as a way to stimulate to efficiency and quality in the

sector. Following the bureaucratic logic, mergers were seen as a strategic means to govern a very fragmented and multifaceted sector prior to the 1994 reforms, but increased size was also regarded as a key factor in developing more professional and pro-active institutions with sufficient internal administrative and professional capacity to enable them to compete for national and international funding, and increase their capacity to survive in a more competitive environment (Stensaker 2004). Hence, the market logic also fits well with mergers as an organisational solution.

A second observation is that mergers can be a driver for further change in the higher education sector. When politicians, especially during phase two of the mergers, became critical of the academic drift in the college sector and questioned the drive for university status, it was not acknowledged that this drift mainly became possible due to the 1994 mergers that resulted in larger institutions with greater organisational and academic capacity. Here, the two institutional logics can be said to have played different roles. While the bureaucratic logic emphasising the need to strengthen the administrative capacity to govern the system was a key argument leading up to the 1994 reform, the changing political focus in the late 1990s and 2000s paved the way for governance ideas in which institutional autonomy, competition and 'quasi-market' regulation became prominent (Kyvik 2009). The two logics then played out differently at the political and organisational levels. In phase two, while the governments still argued for the need to merge to create larger and more efficient institutions, some of the institutions can be said to have adopted the market logic. As such, they started to behave like autonomous players in a competitive marketplace created by the government and explicitly wanted university status, although this development was not always in line with political ambitions at the national level. The fact that the current government has signalled that no more colleges are to be granted the status of universities before a new structure of higher education has been decided upon is perhaps the best example of the more bureaucratic logic currently over-riding the market logic. That being said, market logic is not totally absent in the current political deliberations about future mergers.

A third observation one could make is that mergers seems to have a mediating function as a flexible organisational solution between the global trends in higher education governance and various national needs with respect to political demands for diversity, quality and efficiency. By this, we suggest that the bureaucratic and market logics should not be seen as being restricted by specific national borders, and that they are root metaphors that operate on the global scene, influencing both political ideas and organisational actions. Internationally, mergers have been high on the agenda in the last decade (see Chap. 1 of this volume), especially in relation to ideas about establishing excellent institutions and fostering internationally competitive institutions (Salmi 2009). Here, mergers seem to be a solution that fits the market logic more than the bureaucratic logic, although we should not rule out the possibility that the current dominance of the market logic could be overtaken by a bureaucratic logic in the future.

However, a lack of clarity over what the core arguments for mergers are can currently be found at the political and the organisational levels in Norway. But, if mergers can be supported by both bureaucratic and market logic arguments, the

implication is that mergers may be a 'solution' that is very difficult to reject, or alternatively, a solution that is seen as attractive for politicians and institutions alike. This explanation might be illustrated by the fact that there seems to be little or no correlation between the political colour of the various Norwegian governments and their interest in mergers as a political solution. Hence, both social-democratic and conservative governments have argued consistently for mergers in the sector. Furthermore, whether governments are social-democratic or conservative seems to be of little importance to the role of the state as a driver for change. While the first wave of forced mergers was initiated by a social-democratic government, the current forced merger initiative is driven by a conservative government. In the period in between, shifting social-democratic and conservative governments were all in favour of more voluntary merger initiatives driven by the institutions themselves.

Whether the current political initiatives will result in a transformation of the Norwegian higher education system is yet to be seen. However, based on previous experiences with mergers in the Norwegian system, it is unlikely that the current process will shut down the internal and external dynamics that have kept mergers on the political agenda for the last 20 years. As previously indicated, we can identify both bureaucratic and market based arguments for mergers. Yet, if the current expansion of higher education is overtaken by a period of consolidation, the future may imply more mergers within the sector as some institutions may struggle with recruitment of students and mobilising resources for their survival. Since closing down higher education institutions seems to be a solution few politicians think is attractive, one can hypothesise that in the years to come mergers will be more and more linked to system effectiveness arguments.

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Chapter 3
Conflicting Rationalities: Mergers and Consolidations in Swedish Higher Education Policy

Mats Benner and Lars Geschwind

3.1 Introduction and Historical Background

The Swedish higher education system has evolved in different phases. The first university, Uppsala University, was founded in 1477 when Sweden was still a Catholic country. In 1666, after the war with the Danes, the second university was founded in Lund, to integrate the recently incorporated territory of Southern Sweden. In 1632 and 1640 similar motives had underpinned the establishment of universities in Dorpat and Turku, both part of an expanding Swedish territory (and later lost after unsuccessful wars with Russia). In 1878 and 1889 Uppsala and Lund were complemented by two general universities, founded by the municipalities of Stockholm and Gothenburg, with a stronger focus on research and with fewer attachments to the state or the church. Hence, widespread geography and concomitant issues of access have, historically, been matters of some significance for Swedish higher education.

Another important trait in Swedish university history is the significance of professional specialisation, as the strength of professional interests has been mirrored in the structure of the higher education system. A large group of specialised schools for the medical and engineering fields were founded in the early 1800s, including the Karolinska Institutet in 1810, KTH Royal Institute of Technology in 1827 and Chalmers University of Technology in 1829, and institutes for veterinary sciences

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and agriculture in 1775 and 1834 respectively. In 1909 and in 1921, respectively, Schools of Commerce were established in Stockholm and Gothenburg, in both cases privately run and funded.

The university system remained stable until the post-war period, when a comprehensive new university in the north was founded in 1965 (Umeå) in addition to university extensions (colleges) around the old universities of Uppsala, Lund, Stockholm and Gothenburg (Örebro, Växjö, Linköping, and Karlstad). In 1971, a technical university college was established in Luleå and in 1975 the university college of Linköping was elevated to university status.

Following a major overhaul of the entire higher education sector in 1977, a series of colleges that had been formed by county councils were elevated to the status of state university colleges, while the universities incorporated a broad range of specialised training organisations (including schools of social work, nursing, teacher education and medium-term engineering education). This was, if anything, *the* phase of mergers and restructuring in Swedish higher education, when shorter professional training, specialised professional training, and general education were subsumed into one system of higher education provision with ensuing administrative and organisational adjustments to meet the challenges that the mergers led to. For instance, following the 1977 reform, Lund University incorporated several formerly independent professional schools: the College of Music in Malmö, the College of Drama in Malmö, the School of Education in Malmö, the School of Social Work in Lund, and the School of Nursing in Lund. It also took on responsibility for medium-term training in engineering in Malmö and Helsingborg (college engineers). A rather traditional university was drastically expanded and saw its structure and remit grow. In addition, Lund and the other major universities were integrated into five so-called university regional boards, where universities and university colleges in each region coordinated educational programmes.

The university reform of 1977 stressed three traits for Swedish universities, all with bearing on the question of mergers and organisational boundaries: universities should contribute to social equality by increasing educational access; universities should adapt their training programmes to the demands of all parts of the labour market; and universities should transform their governance structures to better incorporate the interests of stakeholders and students. Hence, the 1977 reform changed both the structure and the governance of higher education in Sweden (Wittrock 1993).

After a relatively quiet period in the 1980s, a new wave of reform of the higher education system took place in the 1990s, when university colleges received lump-sum funding for research, the right to hire professors and – after assessment – to conduct PhD training independently of universities; they were also given the right to apply for elevation to university status (subsequently, four university colleges became universities). While this in itself did not trigger discussions of mergers but rather invigorated a feeling of institutional independence among even the tiniest of higher education institutions, higher education institutions gradually began to search for viable strategies to locate themselves in the overall landscape: should they operate individually, in tandem or as part of larger structures?

What does this mean for an analysis of mergers today? It means that the Swedish higher education system is large, diverse and regionally dispersed. While such a structure may trigger mergers – as in Norway and Finland (as shown in this volume) – it may also hamper merger initiatives as these will tend to cross regional political boundaries. The fact that Sweden has many specialised universities has also made mergers more difficult to envisage, as the collective identity of these institutions remains unclear (particularly for the specialised universities in the capital region). In addition, a somewhat traumatic history of government instigated mergers (particularly following the 1977 reform) has made both universities and politicians cautious about the merits and efficacy of mergers. Furthermore, the fact that the state has withdrawn from a directive role in higher education means that planning has been devolved to the higher education institutions themselves, which means that they have to calculate the risks and advantages of restructuring. To make matters even more complex, the state has expressed ambiguous stances towards mergers – at times (for instance 2012–2014) promulgating the advantages of organisational restructuring, at other times (for instance at the time of writing, 2015) downplaying it. Additionally, on occasion direct interventions with financial incentives have been tied to merger initiatives.

Given this, we should be looking at the various coping strategies used by universities and ways for purportedly rational actors to deal with the ambiguities of mergers in the Swedish context. That is why our theoretical underpinnings (below) focus on the interplay between rational actors and fuzzy and contradictory institutional settings, where we find rationality among actors (higher education institutions) acting in unclear institutional settings when dealing with mergers and other forms of organisational adjustment.

3.2 Analytical Starting-Point: Actor-Centred Institutionalism

We analyse the evolution of the Swedish higher education system as the interplay between bounded rational actors (actors in possession of an understanding of their preferences and with a perception of potential strategies to realise them) and institutional settings (historically moulded and not easily changed by the very same rational actors). The dialectic between actor rationality and institutional stickiness is a universal feature (Scharpf 1997). The phenomenon seems to be of particular significance in complex and decentralised, multi-standard, fields such as higher education policy (cf. Røvik 2000). On the one hand, policies tend to be globally influenced, nationally decided and locally implemented by several different professional groups and standards, shaped by path-dependency as universities have certain durable attributes that are not easily changed by policy reforms. On the other hand, policies display incessant attempts to remould higher education and research to the alleged demands of a ‘globalised knowledge-based economy’, fluctuating labour markets and the vagaries of international rankings and comparisons. Policies tend therefore to be both sticky and ambiguous.

Contemporary global debates in higher education governance focus on various attempts – at both the national-systemic level and within and between organisations – to set relatively clear-cut strategies for the higher education system in general (such as 'smart specialisation' and division of labour, or cost efficiency) and specific tasks and functions in particular (excellence, employability, impact, etc.). However, the exact formulation of such strategies and their implementation is shaped by the actor-centred institutional processes, in which the ambitions and actions of rational actors are remoulded by institutional structures. Hence, the chain from policy formation to policy implementation is shaped by varieties of rationalities, power structures, and networks of relations.

3.3 The Current Form of University Governance

After the tumultuous 1970s, the Swedish government concluded that the Swedish higher education and research system had achieved a balanced structure: six comprehensive and five specialised universities, complemented by a dozen teaching-only university colleges, was considered sufficient to cater for the needs of an expanding welfare state, as well as industry, in terms of both education and research. The structure was deemed sufficient to attain international eminence in research, to secure the recruitment of new research staff, and to meet demand for professional training. The system was, on the one hand, governed by well-endowed universities, controlling the main share of resources for education and research (and supervising the little research that was done within the college sector), and, on the other, by state agencies responsible for the planning of education and the allocation of external funding for research (SOU 1989: 27).

This relative stability and equilibrium had, as mentioned earlier, emerged after a hectic reform period in the late 1960s and 1970s, when higher education reform had been the feedstock of fierce political debates which led to several turbulent organisational transformations. This process encompassed the integration of all post-secondary education into the university system, the establishment of a dozen new university colleges, the reconfiguration of the entire undergraduate education system, new models of university governance, the inception of a complex planning apparatus, etc. In addition, a very complex and large apparatus of mission-oriented research funding was created.

The equilibrium did not last forever. In 1991 – in the wake of the deepest economic crisis in Sweden since the 1930s – a transformation of the Swedish higher education system was instigated. It consisted of the upgrading of university colleges with specific research funding streams and the opportunity for them to establish PhD training and hire professors. In parallel, the university colleges saw a massive rise in undergraduate numbers. The universities were affected primarily through a fundamental reform of the research funding system, with reduced floor funding and a more pluralist system with several different funding streams operating in parallel. In addition, state-university relations were relaxed, with increased autonomy for

universities to redeploy resources, devise their own recruitment and promotion models, form organisational structures, etc.

This was a contrast to earlier state-university relations which were based on intricate regulation of everything from hiring procedures to the mandate of department boards, with universities and university colleges regulated separately, and universities receiving most of their research funding through blocks grants. Everything was turned around, with new funding models, a more pluralist system, a new funding regime, and an emphasis on the measurement of outcomes. As a *quid pro quo* for the growing operational autonomy of universities, the government created systems for monitoring quality and outcomes in education, research and third stream collaboration. To make the utilisation of resources even more efficient, the government created a system of increasing resource competition for research, reducing the share of block grants with a growing proportion of research funding coming in the form of externally supported projects (predominantly applied for by individual academics). Hence, the financial underpinnings of research in Swedish universities were altered and their dependence on externally obtained resources increased – a system of resource competition superseded the era of bureaucratic control.

These factors together made "conditional autonomy" the new policy equilibrium. Operational autonomy is clearly at a historical high, and universities now enjoy considerable freedom to devise their organisational structures, set up educational programmes, allocate resources, hire staff, etc. On the other hand, universities are expected to translate external impetus such as funding opportunities, demand for educational programmes and competition for students, quality assessment schemes etc., into practical action. Table 3.1 provides an overview of the major policy reforms from 1977 to 1993. It shows the dramatic policy shift from detailed state regulation and planning to a goal-oriented system with the state "steering from a distance" (van Vught 1989).

In theoretical terms, we explain the shift from government to governance on the basis of a mixture of rationalism and institutionalism. We assume that the rational ambitions of actors become enmeshed in institutional conditions partly beyond their realm of influence. Hence, reform initiatives and actors' responses to these initiatives together form a 'nested game' where nobody seems to be able to fully realise their ambitions (cf. Mayntz 1983). This constitutes an institutional environment

Table 3.1 Overview of two fundamental reforms in Swedish higher education

1977	1993
Governance based on legislation	Governance based on goals and results
Detailed decisions by the government	Decision-making at HEI level
Resources to educational sectors and faculties	Resources to HEIs, divided between education and research
Resources based on input	Resources based on input and output
A system of state HEIs, very few private	Competitive market of HEIs (two became foundations)

which risks blocking the ambitions of all actors, not leading to a complete stalemate but to unrealised opportunities and failed solutions to collective problems.

Our ambition here is not to examine the finer details – the drivers, ambitions and outcomes – of these changes; this has been done elsewhere (cf. Benner 2008). Our starting-point is instead to pinpoint how the governance system actually operates, on different levels, and how different rational strategies at the different levels may block one another in the current policy equilibrium. More specifically, we will focus on how the interaction between rational actors' intentions (agency) and institutional structures plays out in how universities approach the issue of mergers (cf. Mouzelis 1995).

Methodologically, we rely on a re-analysis of studies conducted earlier, for other purposes: a study of research policy trends in Sweden (Benner 2008) and an assessment and in-depth study of recent mergers in Sweden (chapters in this volume by Karlsson and Geschwind (Chap. 9) and Geschwind, Melin and Wedlin (Chap. 8)). This gives the present study certain constraints, as the underlying data was produced and processed for other purposes. On the other hand, it gives us the opportunity to link hitherto unrelated processes at the policy and organisational levels (Mann 1994).

3.4 The Policy Development: From Widening Participation to Research Excellence

In the 1990s, Swedish higher education experienced a virtual bonanza with increasing student numbers, new funding streams and a fundamental reform of the process of establishing new universities and conferring the right to run PhD training. This effectively cut the ties between the university colleges and the old universities, as previously university colleges functioned as extensions of the universities, focusing on short and medium-term educational programmes targeting regional labour market demand with miniscule research functions (in the form of lump-sum funding directly from the government). The change was driven by both conviction and necessity: the response to the economic crisis of the early 1990s was a massive expansion of training programmes, including higher education, and the brunt of the increase fell on the university colleges. But conviction also played a role: the crisis policies of the 1990s were devised collaboratively by the ruling social democrats and the Centre Party, and they shared the conviction that the university landscape had been dominated by an oligarchy of the older universities, and that new universities could perform vital functions in society. Inspiration could be found in recent science policy studies, such as those of Gibbons and associates (1994), which indicated a growing decentralisation and decomposition of the entire area of higher education and research; hence, the dominance of a few established universities could be questioned in an increasingly networked and devolved knowledge system (Benner 2001).

The reform opened two opportunities for higher education institutions: first, it formalised the process for promoting a university college to the status of a university (which in Sweden confers the right to award PhDs without prior assessment, but also brings larger direct appropriations from the government); and secondly, it formalised the right to award PhDs and offer PhD training in a specific field even for those university colleges that were not elevated to full university status. The two opportunities were open to all university colleges which could, either individually or collectively, apply for university status or be given the authority to award PhD degrees and run graduate schools on their own within broader areas ("disciplinary domains", *Vetenskapsområden*). The reform had a profound impact on the manoeuvring space of the university colleges, turning them from satellites of the universities into self-owning organisations – and they duly and rationally responded to the increasing opportunities by flooding the Ministry of Education with applications for university status and for 'disciplinary domains'. Nearly 20 such applications were submitted between 1998 and 2005, but less than half of them were evaluated in the end, and in one case the university itself organised a review process.

In parallel, the funding of all universities – old and new, specialised and comprehensive – was gradually changed, reducing the share allocated through lump-sum grants and increasing the share allocated by competition-based non-fixed funding (with the lump-sum grant dropping from 70 % in 1990 to below 50 % in 2010). Universities therefore saw a drop in their lump-sum funding for research and a concomitant rise in external funding streams of a size and complexity hitherto unknown. EU funding and research support via so-called strategic foundations propelled universities to adopt incentives for competitive approaches to the funding market and to capture opportunities opened up by the research sponsors. At the same time, the importance of internal priorities and allocation mechanisms was reduced, as was the steering capacity of the faculties.

Until around 2003, university colleges enjoyed the status of independent organisations. Most of them were expecting their applications for university status or 'disciplinary domains' to be positively evaluated. Universities had adapted to the new funding conditions by shifting career opportunities and funding profiles sharply, from a primarily intraorganisational process to one in which individuals and groups were held responsible for securing the financial underpinnings of their operations. The critique that did exist centred on the total funding of universities, whose top echelons argued that resources had been hollowed out (Sundqvist 2010). Some of the university colleges were disappointed by the protracted evaluation process of their applications for university status and 'disciplinary domains' (Benner 2008). The main challenge was how to view the structure of the institutional ecology of Swedish higher education, and a set of critical queries came to the fore:

- Could the expansion of new universities and university colleges be sustained endlessly?
- Should their activities instead be directed in specific directions, and should they be encouraged to merge or to form alliances?

- How should the old universities continue to develop: should they continue focusing on obtaining external funding for their research and aligning their strategies with this, or should they prioritise their internal, strategic considerations?
- Should universities be subject to a version of a research assessment exercise similar to that used in the UK, or should other incentives be used to fine-tune the activities of Swedish universities and university colleges?

Universities and university colleges had already begun second-guessing the state, with university colleges and new universities forming a variety of alliances (with varying degrees of commitment) and old universities incepting various schemes for quality auditing and evaluations. The research funding organisations pressured universities and university colleges to act more 'proactively' in the competitive landscape, for instance by creating various schemes for centres of excellence. And the Swedish National Agency for Higher Education – and its Director General – urged universities to 'profile, collaborate and concentrate' (Universitetsläraren 20-2008). Many different voices and actions came to the fore.

Typically for Sweden, the task of setting the balance was devolved to government commissions. The first of these was appointed by the then social democratic government in 2005, to deal with the multiplicity of the system and the many unexpected outcomes of the growth process, including the rising number of higher education institutions and the unfulfilled upgrading ambitions. The commission proposed an entirely new instrument – an intermediary – for the planning and evaluation (and reward) of universities, with the ambition of maintaining the system as it had emerged whilst simultaneously curtailing expansionary ambitions among the university colleges, to foster a more coherent organisational strategy and culture among the old and established universities; in effect, a recentralisation of university policy after the tumultuous changes of the 1990s and early 2000s.

Despite an ambitious process of deliberation initiated by the commission itself, its report was not met with great enthusiasm by the political system (or by the universities for that matter), probably to some extent because of its over-elaborated proposal with numerous indicators to be managed by an independent but ill-defined intermediary (with unclear administrative status vis-à-vis the universities). The main reason, however, was the change of government, as the incoming centre-right Reinfeldt government (2006–2014) had other convictions and was sceptical about the importance of an intermediary, and instead preferred policy experimentation among the HEIs. Many of the Commission's proposals were then discarded due to the lack of interest from the main stakeholders. Nonetheless, the commission's report raised several critical issues pertaining to the structure of the Swedish higher education system, in particular the mandate of universities and university colleges. This issue became a recurrent theme in the policy debates (after 2007, when the commission report was presented). The commission implicitly intended to pave the way – via the elaborate indicator system – for a reformed structure of higher education.

As alluded to earlier, the Reinfeldt government rejected the idea of an intermediary charged with responsibility for remoulding the system. Instead it ventured into a discursive strategy of talking to the university system about the need for structural

reforms, but also adding some incentives in the form of financial support for universities intending to form alliances (in the form of relatively small sums, in total around 11 million Euros). Sources indicate that there have been divergent views within the government, with the Minister for Education and Research signalling his preference for strategic alliances between older universities and new universities/university colleges (a satellite model), while the state secretary, in contrast, approached several university colleges enticing them to form alliances amongst themselves (Interviews with Honeth and Norén).

The developments over the last 20 years have been characterised by a long period of expansion which came to an end after the turn of the millennium, when a dramatic priority shift took place. The dominant overarching policy goals from 2003 onwards have been to foster 'excellence' and the highest possible quality, even 'world-class universities'. Interestingly, this 'elitist turn' (Geschwind and Pinheiro 2014) was launched by the social democrat government but it was further developed and reinforced by the liberal right wing Reinfeldt government.

The issue resurfaced towards the end of the Reinfeldt government's second-term; in April 2014 the government appointed a new governmental commission to assess the impact of two decades of decentralisation and indirect (ex post) steering of universities and university colleges, this time from the perspective of their educational profiles. Even though universities are obliged to report how they aligned their educational programmes with labour market demand and students' preferences, such obligations have primarily been rhetorical. Similarly, the quality assurance systems have not had a major impact on the structure of higher education in Sweden, at least not yet. Steering mechanisms have therefore not achieved the desired degree of concentration and profiling among Swedish higher education institutions. Implicit in the remit of the aforementioned commission was that the structure of the higher education landscape was too complex, that universities lacked incentives to prioritise and match educational supply with demand. However, remit and outcomes do not necessarily connect, as many of the steering mechanisms have been dismantled. The outcome of the commission seems very unclear, as universities and university colleges have adapted to the large degree of organisational autonomy and, as such, cannot be expected to reduce their educational programmes on their own initiative.

Compounding the complexity and ambiguity sketched out above, the recently elected Löfven government is as yet undecided on the matter, having inherited a starkly decentralised system with a few attempts made at realignment, and having committed itself to maintaining a broad-based HEI system. Early statements by the new Minister of Higher Education have revealed clear signs of a reorientation towards widening participation, regionalisation ('the whole country should prosper') and gender issues, all hot topics before the elitist turn occurred. Furthermore, the newly appointed Minister of Education has declared that there might be new mergers, but that these should be initiated by the HEIs themselves rather than be based on top-down decisions. Clearly, there are many different policy options and policy lines operating in parallel.

Hence, the structure of the Swedish higher education system is such that individually rational actors – universities, and university colleges, government commis-

sions, political actors – carry individual rationalities, but optimal institutional solutions seem difficult or even impossible to attain, as the actors' divergent interests seem to clash with the overarching understanding of the forms and functions of the domestic higher education system. Instead, viewed through game theory, the current structure resembles a prisoners' dilemma, where optimal solutions cannot be produced because of risk aversion and weak interaction amongst the actors. As an illustration, the current political leadership seem, on the one hand, to favour decentralised coordination (exacerbated by the deregulation of the universities), yet on the other express a preference for reducing the number of higher education institutions. This policy logic of adopting a multitude of rationalities – decentralisation but structural steering – is met with suspicion from the universities and university colleges, which instead mobilise resources and support around their missions and locations, and fine-tune activities to maintain their vitality. The outcome is decentralisation with top-down, often implicit and indirect, steering, with many actors but few coordinating mechanisms.

Among the older universities we again find divergent opinions and strategies: a critical discussion that has surfaced concerns the stagnating international impact of Swedish university research (SRC 2012). Two decades of increasing resource competition (in itself expected to foster higher ambitions and international visibility in research) seems to have hampered the very same ambitions, for a variety of reasons. Here, again, we find a systemic inability to link the actions and strategies of rational actors: universities, funding agencies and the state all agree on the need to raise the quality of Swedish research, but face difficulties in agreeing upon viable conditions. The latter are not fully within the reach of reforms either: two decades of competition-based funding have fostered a decentralised academic culture where individual groups, or at best larger constellations of interrelated groups, shape the research agendas in intimate collaboration with funders and with the implicit support of the state, but where university influence over strategy, planning and even recruitment has faltered (Bienenstock et al. 2014). Despite the fact that there is widespread agreement that recruitment is a pivotal factor behind scientific impact, university leaders are widely viewed as too weak to set demanding agendas for research. Hence, seemingly rational actors constrain one another and block the realisation of optimal solutions.

3.5 Possibilities and Constraints of University Mergers

A tangible outcome of the policy development described above is a new wave of mergers and takeovers. In the following, we will discuss the rationale for and context of these mergers. To start with, it is worth mentioning that a large number of mergers and strategic alliances have been considered and investigated, far more than the number of completed mergers indicates. Lately, as mentioned above, the smaller institutions have been under pressure to merge with the larger, older universities, and the larger HEIs have been pressured to 'take care of' the smaller players. We

begin our review with the completed mergers and end with those that have not succeeded or are still being planned.

3.5.1 University College Kalmar and Växjö University

This full-scale merger of two independent HEIs was completed in 2010 when the new university was opened. Originally, three HEIs were involved in a strategic collaboration (Academy Southeast) but the third party, Blekinge Institute of Technology, opted out during the process. The merger can be described as voluntary, primarily driven by the vice-chancellors at the time (Geschwind and Melin 2011), and its rationale was primarily increased competitiveness, in both research and education. As shown in Chap. 8 in this volume, the merger was the result of a long-term process including a large investment in internal anchoring and identity-making and a massive external communication programme. A striking early outcome of the merger was the significant increase in student numbers. However, the process also included open conflicts involving staff and the new management and the added work was stressful for many people (Melin 2013).

3.5.2 Uppsala University and University College Gotland

Gotland University College (GUC), which was a late addition to the Swedish higher education landscape (founded in 1998), was taken over by Uppsala University (UU) in 2013. GUC, like many other small university colleges, had increasingly been under financial pressure due to difficulties in attracting and retaining students. Rather than keeping GUC as a separate unit, each academic staff member joined a department within the UU structure (a total of 18 departments were enlarged in this manner). Some advisory roles and support services remained at the former main campus in Visby, now called "Uppsala University – Campus Gotland". The formal merger is too recent to assess, but some reflections can be made on progress so far. In practical terms, a number of new courses and programmes have been developed, and there are early indications that student interest is increasing on some Campus Gotland based programmes.

3.5.3 Stockholm Institute of Education and Stockholm University

Founded in 1956, the Stockholm Institute of Education (SIE) was a small university college that specialised in teacher training, which was a shared task with Stockholm University (founded in 1878), providing the theoretical parts of teacher education.

In 2006, the Minister of Education initiated a merger between the two institutions (Lärarhögskolan i Stockholm). Despite strong objections from SIE, the merger was implemented (structurally) in 2008. An early evaluation of the process has identified some positive results including the transfer of approximately 700 staff (Ekholm 2008), largely due to flexibility and a willingness to meet individual needs.

3.5.4 Stockholm Academy of Dramatic Art

Following the 1977 reform, the fine arts institutions in Stockholm (most of which were founded in the eighteenth century) were integrated into the higher education system. The institutions (all very small) were given the right to award first and second-cycle qualifications. Recently, demand to build research capacity has become the primary rationale for merging. In 2011, Stockholm Academy of Dramatic Art (Stockholms dramatiska högskola) was established in a merger between Stockholm Theatre Academy (Teaterhögskolan) and University College of Film, Radio, Television and Theatre (Dramatiska institutet). This merger enabled the new institution to have a more comprehensive profile within this particular area.

3.5.5 Stockholm University of the Arts

The creation of the Stockholm Academy of Dramatic Art also affected the other arts schools in the Stockholm area, i.e. it was thought that they might all benefit from closer cooperation. These schools addressed the wishes of the Ministry of Education and proposed a network-based centre. The Ministry refused the proposal and suggested a formal merger instead. Three of the schools accepted this invitation, while another three rejected it. As of 1st January 2014, Stockholm University of the Arts is the outcome of a merger between the University of Dance and Circus (Danshögskolan, from 2010 Dans- och cirkushögskolan), University College of Opera (Operahögskolan) and the recently merged Stockholm Academy of Dramatic Arts (Stockholms dramatiska högskola). The specific aim of the merger was to strengthen research activities, including a joint Arts PhD programme. This merger can be characterised as a federation of the participating partner institutions, with, at least initially, a low degree of integration.

3.5.6 Örebro University and Mälardalen University College

In 2004, Örebro University and Mälardalen University College discussed a possible merger (Broström et al. 2005). After 3 years of deliberations the proposed merger did not go ahead, mainly due to differences in institutional profiles and strategic

ambitions for the future. Whereas Örebro University had a long-term goal to become a comprehensive university with a focus on basic research, Mälardalen University College has developed a more applied character in close collaboration with local industry.

3.5.7 A West Sweden University

Three university colleges in the west of Sweden – Borås, Väst and Skövde – considered a closer collaboration. However, the HEIs involved were not equally committed and the plans were never realised (Deiaco et al. 2007).

3.5.8 A Large Capital University

In 2011, three Stockholm-based institutions – Stockholm University, KTH-The Royal Institute of Technology, and Karolinska Institutet – commissioned an analysis of preconditions for more formalised cooperation (alliance or merger) (Ekberg 2011). A possible merger would imply the creation of the largest HEI in Northern Europe with an expected ranking around 25 (Stockholm: Universitetshuvudstaden 2010). The process was primarily driven by the then vice-chancellor of Stockholm University. But, whereas KTH Royal Institute of Technology at least considered it an interesting idea, the vice-chancellor of Karolinska Institute refused it based on the already strong position of the institution, a position later embraced by the university board.

3.5.9 Lund University and South Sweden Partner

A third strategy pinpoints alliances between universities and university colleges as a means to restructure the university landscape. An example of this was in 2012, when the then vice-chancellor of Lund University reached out to the neighbouring HEIs, offering closer collaboration or even a merger (but only, it has been stressed, if a university itself so desires (*Sydsvenska Dagbladet* 2012-12-03). In the article, the university leadership invited neighbouring higher education institutions to seriously consider an amalgamation with Lund, to draw on their respective advantages: Lund with its august reputation and size, Malmö University College with its broad-based student recruitment, Blekinge Institute of Technology with its sharp profile in information technology, and Kristianstad University College with its large teaching education. Any expression of interest would be met with "an open and serious analysis of how this could enhance our and our region's competiveness from coast to coast" (Ibid.). Malmö and Blekinge have declined, while Kristianstad's reply was to

launch a commission with the task of investigating future steps for the institution, reflecting the fact that Lund and Kristianstad have a long-standing collaboration regarding teacher training. The initiative can therefore be seen as a rational response from all parties: Lund adapting to political expectations of reformed organisational boundaries and mergers; Malmö and Blekinge defending their hard-earned organisational autonomy; and Kristianstad exploring the potential gains of a merger but reserving the right to consider many different options. The end-result is that the entire initiative is now being slowly eroded with no major decisions on organisational adjustments being taken.

3.6 Concluding Discussion

We have located the issue of mergers in Swedish higher education in the wider context of state-university relations as they have evolved over time. Several points are important to understand the peculiar path that Sweden has trodden: One is the legacy of geography – geographical access has been a dominant theme throughout the history of Swedish higher education, especially in the post-war period. As a result, Sweden has a relatively large and geographically dispersed higher education system. Second, Sweden has already gone through a 'merger moment', 40 years ago with the state-driven structural transformation following the 1977 reform of higher education, when universities and university colleges were thoroughly restructured, merging a wide variety of training programmes under the umbrella of universities and university colleges. Third, the state has reduced its steering of higher education to framework conditions, while nudging universities to consider mergers and other adjustments.

Our perspective is therefore one which stresses the individual universities as actors – as the state has refrained from direct action and instead focused on framework conditions, leaving the decision (and blame) to the university leaderships. Change has become a policy banner in Swedish higher education policy, and this has reinforced the importance and significance of determined and rational actors with a clear sense of their own priorities. However, these rational priorities are moulded in an unclear terrain of obligations and commitments, resulting in intentions that clash and directions that are unclear. To some extent, this may seem unavoidable given the enormous complexity that higher education governance is confronted with – with a plethora of goals, and interests to be meshed at the level of policy-making and institutional action – but it also hampers universities' steering capacity.

We have identified three weaknesses of the so-called current "equilibrium", one at the systemic level and two at the organisational level of universities and university colleges. At the systemic level, the instability is primarily based on the devolution of decision-making from the state to the universities and the impact of new steering mechanisms on the behaviour of universities and university colleges. The combination of strong push and pull-factors in the 1990s (new funding streams,

expansion of the number of students, widened remits for university colleges), was exacerbated by the deregulation of universities. How has this been dealt with? The government has expressed no desire for a policy at the systemic level: no universities are to be closed or merged by political fiat, this is instead the responsibility of the universities themselves. The recent mergers can also be described as in the 'shadow of hierarchy' (Scharpf 1997), as is clear in the takeover cases; the university sets the conditions for the merger. It is also a merger "in the shadow of hierarchy" in the sense that it represents compliance with political expectations, although it has been engineered by the HEIs themselves without any direct political interference. Hence, this is an example of mergers representing organisational survival strategies and institutional compliance.

This in turn spills over to the inter-organisational strategies of universities, where it is primarily mergers which cater to the immediate rational interests of HEI that succeed, for instance when GUC approached UU as a senior partner, but where other, possibly more symmetrical, alliances are aborted because of the lack of incentives and guidelines. Hence, mergers and consolidations in the Swedish higher education system, necessary as they may seem, are hampered by the rationalities of each of its constituent parts and the lack of an overarching systemic logic and rationality.

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Chapter 4
Merger Mania? The Finnish Higher Education Experience

Timo Aarrevaara and Ian R. Dobson

4.1 Introduction

This chapter is intended to provide a simple description of the development of Finnish higher education in recent decades, with a particular focus on institutional mergers. Mergers between like organisations are generally promoted as one of the paths to improved efficiency and effectiveness, often promoted by government programs of structural reforms. However, governments or other interested parties rarely undertake any *ex-poste* analysis to demonstrate the efficacy of mergers.

Contemporary higher education in Finland is provided via a binary system of research-emphasising universities and teaching-emphasising polytechnics. The basic dichotomy between the two, however, should not be taken to suggest that teaching is under-played by universities, or that polytechnics do not undertake research (Maassen et al. 2012). Notwithstanding their mutually-exclusive emphases, universities and polytechnics (known in the Finnish language as yliopisto and ammattikorkeakoulu, respectively) have radically different histories.

In the Finnish case, a relatively small country found itself in 2009 with 21 universities (20 under Ministry of Education) and 27 polytechnics (25 under the Ministry of Education) to service its population of 5.5 million. Having this many higher education institutions, it could easily be argued, did not represent an optimal

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use of funds, even allowing for the dispersion of universities and polytechnics across mid-sized regional cities. This, therefore, represents the starting point for mergers in 2000s between Finnish higher education institutions.

4.2 Background: Finnish Higher Education 101

Since the 1990s, Finnish higher education has undergone several discrete rounds of structural change. In the first round, formally commencing from 1991, Finnish higher education became a binary system by the establishment of the polytechnic sector in addition to the existing university sector. Initially, polytechnics were experimental teaching organisations following amalgamations of myriad upper vocational institutions (MinEdu 1996). This reform represented the transformation from one of vertical diversity to one that introduced much broader horizontal diversity. Polytechnics were closely linked to the local/regional/municipal level of government, and students from those parts of the country lacking any direct access to higher education were now able to participate. Such a development guaranteed a large network of higher education institutions, which improved equity in social, gender and geographical terms.

The second round of structural change was ushered in by a new Universities Act (559/2009), which took effect from 2010. Since then, universities have been given more autonomy while being obliged to have more engagement with society and to be more competitive in the international market. Under this Act, universities became independent legal entities, and on paper at least, they ceased to be 'government-funded', but funds from the public purse continue to be the source of the great majority of institutional budgets. Other major changes, but less relevant to this chapter, were the considerable changes in the ownership and management of university buildings, and extensive changes to governance arrangements (Aarrevaara et al. 2009).

The new Act affected all Finnish universities, from the first of which had been established in the seventeenth century, through to the slow expansion in the early part of the twentieth century, and the multi-disciplinary universities in regional cities established during the 1960s and 1970s (Aarrevaara et al. 2009). Prior to the new Act, Finland had 20 universities, comprising ten that were multi-disciplinary, three schools of economics and business administration, three universities of technology, and four creative and performing arts academies. As a constitutionally-bilingual country, two of Finland's universities are there to serve the Swedish-speaking minority (about 5 % of Finland's overall population).

Several years later, governance-related reform of the fledgling polytechnic sector has led to changes that in part are parallel to those undergone by the universities. Initially, Finland's polytechnics had been established according to the Polytechnics Act (2003/351). These institutions primarily offer 4-year polytechnic bachelor's degrees, with other degrees that require 3.5 years' attendance. The Ministry

described as its broad aim to rationalise higher vocational studies and to increase the standard of vocational education (MinEdu 1996), in order to provide qualified and labour market-ready personnel. This factor was a major reason for the government's wish to have a viable non-university higher education sector (Aarrevaara and Dobson 2012). Polytechnics were a major player in the massification of Finnish higher education, and part of their aim was to promote regional development, and the wider availability of higher education (Aarrevaara et al. 2009). Establishment of polytechnics made it possible for thousands of Finns to become professionally qualified, as well as expanding the number of locations around the country in which it was possible to obtain such qualifications (Aarrevaara and Dobson 2012). Not all students aspire to university education, because their own career interests are practical rather than theoretical. Before the establishment of polytechnics, regionally-located Finns had fewer options for acquiring professional, but vocationally-linked qualifications without relocating to larger cities. Polytechnic units can be found in all regions, and larger cities have both universities and polytechnics, which have a strong regional impact in those cities.

Reform of the polytechnics occurred from 2014, via a new Act of Parliament (932/2014). Under this Act the reform of the polytechnic sector has many similarities to the university reform effective from 2010, as the polytechnics have become independent legal entities. The polytechnics are no longer to be under the direction of local government authorities, and they now receive their funding directly from the national government. (Finnish primary and secondary schools continue to receive funding via local/regional municipal councils). The Ministry's funding formula emphasises structural change, as well as emphasising the quality and impact to the society (Government decree 922/2013). Under the 2014 funding formula, the teaching function drives 85 % of total funding, with 15 % being provided for research and development functions.

The polytechnic licencing scheme was revised to take effect from 2014 with more emphasis being placed on quality and the impact of performance. There are still one or more polytechnics situated in each provincial region, but the Government's intention is to reduce the number of universities and polytechnics as a whole. Under the licence process, the profiles of polytechnics have become more focused on their key areas of expertise. For this purpose, the polytechnics are also combining to form larger entities aimed at enhancing their innovativeness and efficiency. Among the difficulties experienced by institutions in the polytechnic sector is that the impact of its research and development has so far been quite low and has not been well linked to other development activities and teaching (Maassen et al. 2012). From the point of view of government structural policy, the developments in research and polytechnics' regional impact is reasonable to aggregate units into larger entities, with the expectation that they will become more effective.

The new Acts of Parliament that have led to reform in the university and polytechnic sectors of higher education do not specifically mention 'mergers', but a third set of structural changes is specifically about separate institutions merging. Finland is implementing an extensive research reform, the aim of which is to reform sectoral research funding, and its implementation and monitoring. The government's

Phase	Activity	Contents
1989-1991	Establishment of a second sector of higher education: polytechnics	Aggregation of myriad upper vocational institutions with particular responsibility for regional development. Their academisation was required of the operating licence.
1997-2002	Increasing autonomy and establishing performance management	Increasing of universities' autonomy with defined strategies and profiles.
2003-2006	Defining the performance management	Performance management procedure with monitoring mainly based on the fina ncial statements and national database on institutional performance.
2007-2008	Ministerial plan for structural reforms in higher education	Goal to reduce the number of universities and to improve university efficiency and effectiveness
2008-2010	First wave of mergers	First mergers in two sectors since 2008. From 2010 universities ceased being part of state administration, becoming semi-independent entities under public law or foundations under private law
2011-2014	Second wave of mergers	Changes in the ownership base of polytechnics (from municipalities to limited companies), new funding formulas for universities and polytechnics aimed at performance and quality
2015-	Increased administrative and financial autonomy	Emphasis on national innovation system and cooperation between universities, polytechnics and public research institutes.

Fig. 4.1 Government actions to enhance higher education reforms

objective with this program, scheduled for the period 2014–2017 (Government decision 5 September 2013), is to undertake structural reforms. The first of these has already commenced, effective from the start of 2015. In addition, funding worth about €70 million is being re-allocated to provide government support to decision making (about €7 million per year) and the Strategic Research Council under the Academy of Finland (€55 million per year). During this reform, the Government has adopted three main themes for strategic funding: utilisation of disruptive technology and changing institutions, a climate-neutral and resource-scarce society, and equality and its promotion. These themes indicate where the focus of national research funding will be leading to in the next few years.

Figure 4.1 presents a summary schema of what has occurred, and continues to occur in Finnish higher education.

4.3 Mergers in Finland

4.3.1 The Push for Mergers

Mergers between organisations in any area of endeavour, whether between commercial organisations or civic organisations predominantly funded by governments tend to be instigated in the name of improved efficiency or effectiveness. In a

commercial context, combining the resources of two or more separate companies will typically be seen as a way to boost revenue or reduce costs, usually both. In such a setting, it may be possible to test the impact of a merger quite quickly: annual accounts will quickly show whether sales/revenue have increased and overall expenses have decreased, and the extent of the positive impact on share value and dividends for the ultimate owners of the companies.

In the case of mergers between civic providers of services such as higher education, particularly in higher education systems funded predominantly via the public purse, the actual impact of a merger between institutions is less readily computable. There is also a matter of definition of 'merger' to be considered. Although we have used the term broadly in this chapter, some 'mergers' are in fact 'takeovers' as reported in the Swedish case elsewhere in this book, whereby smaller institution might all but disappear within the structure of a stronger or larger institution. Other mergers require common departments at antecedent institutions to become a single entity in the new, merged institution. For a more thorough study of the types of merger in higher education consult Chap. 1 of this volume.

Despite the government's intention being that polytechnics be *equal but different* higher education, a classic case of isomorphism has ensued in the polytechnic sector (DiMaggio and Powell 1991). Starting from the early 2000s, polytechnics started to refer to themselves as *universities of applied sciences* in their English language literature (Dobson 2008). Official Ministry of Education and Culture websites etc., continue to describe the institutions from the non-university higher education sector as 'polytechnics'. Although not a topic for this chapter, one can perhaps perceive the likelihood of mergers in the future between 'universities' and 'universities of applied sciences'. Many might think that future generation of mergers will be takeovers of a polytechnic participants by stronger universities, rather than mergers of equals. However, in some regions the polytechnics are major players and their clout in merger negotiations would be considerable. Universities and polytechnics have faced different expectations, and they are different but equal (Ahola 1997).

The overriding theory and some of the practice of higher education mergers have been dealt with elsewhere in this volume, but terms such as efficiency, effectiveness and accountability crop up regularly. As has been the case in many countries that have seen a massification of their higher education systems, actual overall costs of providing higher education have increased because of the huge increases in numbers of students. (See for example, Calderon 2012.) In Finland, the number of university students was 110,500 in 1990, and the total expenditure was €543 million (Budgetary funding and building investments in national currency). In 2013, there were 166,000 university students and 143,800 students enrolled in polytechnic programmes. It would seem only natural for governments to seek savings in other regards, as part-compensation for the cost involved in the many additional students being educated. Part of the change in higher education in recent years has come about through governance changes that allow institutions to reduce their relative dependence on the public purse for their operations, but Finnish higher education remains predominantly funded from the national budget, and is likely to do so into the future.

It should be noted that despite major reforms and new Acts of Parliament affecting governance and practice in both sectors of higher education, mergers of universities and of polytechnics have not come about because of direct parliamentary demands. It is not clear that there was a government position on mergers before they started to occur, but in higher education (and perhaps in other areas of government-funded provision of services), waves of 'reform' seem to move around the world (Arthur 2011). Other countries had seen institutional mergers, so it is natural that considerations about 'more efficient' larger institutions would occur in Finland also. In the Finnish case, mergers within both sectors of its higher education might have seemed a logical and reasonable thing to occur, given that Finland is a relatively small country with a relatively large number of universities and polytechnics. As at the end of 2009, Finland had 20 universities and 32 polytechnics to service its population of 5.3 million. By the start of 2015, these numbers had been reduced to 14 and 26, respectively. (Twenty-four of the polytechnics operate under the auspices of the Ministry of Education and Culture).

4.3.2 Mergers Came to Pass

The first, and perhaps main merger to be brought about was the creation of Aalto University from the former Helsinki University of Technology, the Helsinki School of Economics and the University of Industrial Arts, Helsinki (Aula et al. 2015). In this instance, a large university (about 14,000 enrolments in 2009) merged with two niche institutions (with 3,200 and 1,900 enrolments, respectively). Before being named in honour of alumnus and designer of some of the Helsinki University of Technology buildings, the future university was known as 'the Innovation University' (Virtanen 2008).

The new Act ushered in governance changes, and two of the pre-Act universities became 'foundations subject to private law', with the others being 'institutions subject to public law' (Aarrevaara et al. 2009). The newly-merged Aalto University was one of the 'foundation' universities. Foundation universities faced no restrictions on the composition of their governing boards, but for 'public law' universities, external board membership was restricted to 40 % of members.

Governance arrangements and the appointment of Aalto's senior officials were well under way by the time the new university started its official life on 1 January, 2010. Discussions within the government on this merger had begun in 2007. This particular merger was made more interesting because it represented Finland's tilt at the *'Harvard Here'* windmill. There were high expectations, that Aalto would quickly become a 'world class university', which was perhaps a low blow to the University of Helsinki (Est. 1640), which typically ranks about 100th in the ARWU (ARWU 2015) and between 80th and 90th in the Times Higher ranking regarding reputation (THE 2015). Helsinki is also one of the highest-ranked non-English-speaking universities, and one of the highest-ranked among universities in the Nordic countries.

Trying to create a 'Harvard' in Finland or any other country by government fiat, even with a massive injection of funding is probably not possible. In its fifth year of life, Aalto University has still not got close to the University of Helsinki in world university ranking schemes. Technology and arts disciplines are not as competitive in key research results as Science and Medicine. In 2015, the merged Aalto University was not ranked in 500 in ARWU and Times Higher rankings (ARWU 2015). In 2015, engineering and technology at Aalto had been ranked among the top 100 in reputation subject ranks (THE 2015). Part of the issue is that massive injections of funding would be needed, far more than most governments would likely put into the local 'Harvard'. Analyst Tony Sheil (2009) reported that developing a Top 20 university is not an option for small countries. The top universities are typically enterprises worth US$ 1.5–2 billion (Sheil 2009). He has also drawn on research that indicates that such universities are usually well-established, well-resourced, small-to-medium in size, and selective of both staff and students (Sheil 2009). Aarrevaara et al. (2009) calculated that Aalto University and the University of Helsinki had per student funding of about US$30,000 and US$28,000, respectively. These sums need to be compared with Sheil's (2009) calculations that major US universities such as Harvard, Princeton, Stanford and Yale have huge budgetary resources. Sheil (2009) mentions sums ranging from US$149,000 to US$227,000 per student being available at some Ivy League universities.

Elsewhere in Finland, mergers were discussed, and whereas some came to pass, others did not. The University of Eastern Finland was created by merging two similarly-sized universities in the regional cities of Joensuu and Kuopio (with about 8000 and 6000 students respectively, in 2009). Joensuu and Kuopio are about 470 and 390 km from national capital Helsinki, and about 170 km from each other. The new university came into formal existence from 2010 (Aarrevaara et al. 2009).

Another successful merger occurred within the city of Turku, where the multi-discipline University of Turku (15,500 students in 2009) merged with niche Turku School of Economics and Business Administration (2,500 enrolments). This merger had also been discussed in earlier years (Aarrevaara et al. 2009).

Another merger that had been discussed for several years was one that eventually occurred from 2013 between three niche creative and performing arts institutions: the Academy of Fine Arts, the Sibelius (music) Academy and the Theatre Academy became the University of the Arts located in Helsinki. The resulting University of the Arts was created from a merger some years after the merger activities of other universities, but also there the aim was for the merged university to become an internationally attractive research and teaching arena (University of the Arts 2013).

Other mergers have been discussed, but did not come to pass. Discussions about creating a Central Finland University, merging the Universities of Jyvaskyla and Tampere, and the Tampere University of Technology were held at the end of the first decade of the twenty-first century, but each remained independent. More recently, however, there is to be co-operation or a merger within the city of Tampere (population 220,000; 180 km from Helsinki) between the University of Tampere, the Tampere University of Technology and the polytechnic in Tampere. This merger will come 'on-stream' from 2016 as joint vision between different types of higher

education institutions MinEdu 2015. At time of writing, it had been proposed that plans be firmed up as to how Tampere-based higher education institutions could better 'cooperate' in the future. 'Cooperation' might involve a formal merger or new collaborative models.

Finland has two officially Swedish-speaking universities: the Hanken School of Economics, located in Helsinki, and Åbo Akademi, 150 km away in Turku. This potential merger was resisted by Hanken, and did not come to pass. There were also discussions about 'closer cooperation' between Hanken and the University of Helsinki, but this proposal did not come to pass either.

The polytechnic sector has also been the site of mergers and governance changes. As with the situation for universities, there is not necessarily any connection between the two sets of changes. From 2015, polytechnics have severed their governance ties with local government authorities, and are now more directly affiliated with the national government via its Ministries of Education and Culture, and Finance. Polytechnics have in one sense been 'privatised', according to the Polytechnics Act of 28 June 2013, as they have been made into limited companies. As at March 2015, only two polytechnics are still awaiting inclusion within this new governance schema.

Several polytechnics have entered into merger arrangements, and several others have already, or will soon, enter into collaborative arrangements with each other. As far back as 2008, Helsinki-located Stadia and EVTEK polytechnics merged, renaming themselves in their merged form as Metropolia. Within the regional city of Tampere, Tampere and Pirkanmaa polytechnics merged into Tampere University of Applied Sciences (polytechnic) in 2010. More recently, the polytechnic from northern cities of Kemi and Torni merged with the equivalent institution from Rovaniemi to become Lapland University of Applied Sciences (polytechnic). This occurred in 2014.

Other polytechnics have engaged in 'closer co-operation and partnerships', such as arrangements between polytechnics of Kymenlaakso and Mikkeli. These two institutions have formed a network with joint services and internationalisation affairs. Three other polytechnics established the Federation of Universities of Applied Sciences (FUAS) consortium between the polytechnics in the cities of Hämeenlinna, Lahti, and Laurea University of Applied Sciences, which has its main campus bases in near-Helsinki suburbs (formerly separate towns) of Vantaa and Espoo.

The process of merging of previously-independent government research institutes into higher education institutions commenced from 2015. The first two of these, the National Consumer Research Centre and the National Research Institute of Legal Policy have been merged into the University of Helsinki effective from the start of 2015. As noted, these mergers represent part of the reforms being undertaken in the Finnish research system. Others will perhaps follow. In one sense, such 'mergers' have the potential to become takeovers. Although a discrete research institute with a specific charter and mission will be able to maintain elements of its independence, other support roles, such as in human resources and financial services might soon be moved away from centres. It is to be hoped that government

research centres merged into university departments are permitted to maintain their unique identity and role. In addition, government research centres are at risk of having their specific role diminished by the more powerful departments or faculties that now have power over budgetary resources.

There is more cooperation between the public research institutes and universities than polytechnics, and the trend has been strengthened by the establishment of the Strategic Research Council as an investment funding instrument. According to Ministerial report on these institutes (MinEdu 2015) this is because their general orientation and the nature of research is 'more similar' between the polytechnics and the research institutes. There is lack of information about the economic benefits, accumulation of competence, quality improvement and benefits for education. The higher education institutions and public research institutes have some overlapping functions in most of these fields, but there has been a lack of co-operation between several actors, so enhancement opportunities through co-operation as part of the broader institutional development has been less than it could have been. The bottlenecks are in boundary-breaking co-operation (co-creation), joint research infrastructure and sharing of modern research infrastructure between institutions (MinEdu 2015). The lack of co-operation relates primarily to actions within the national innovation system, because at the regional level there is evidence of this cooperation.

4.3.3 Landscape for Mergers

Regarding universities, although the mergers were not a direct outcome of the 2009 Universities Act and its implementation, by stressing the importance of the wider national innovation system and the relevance for society in that Act, mergers could be seen as being a logical extension. The University of the Arts was a result of merger some years after the other universities, but also there the aim was to become an internationally attractive research and teaching arena. The success of mergers have been reported in last years. It seems the commitment of academic staff to new university profiles lag behind the institutional strategy (Aula and Tienari 2011). At Aalto University, the new innovative, interdisciplinary, and practically relevant institutional profile breaks the traditional culture of the three specialised universities involved in the merger process. The commitment of staff has been reported as being a key factor of the success of the merger in the University of Eastern Finland (Puusa and Kekäle 2013).

As Fig. 4.2 shows, the many of the mergers and takeovers have taken place between relatively small institutions. Within the polytechnics/universities of applied sciences, there are still several quite small units, and there is likely to be an ongoing interest in mergers as a direct outcome of the presumption of efficiency in a larger unit. The problem is how to maintain the system of higher education units in all regions around the country. The alternative for future institutional mergers is therefore to be 'trade-offs' of educational fields between polytechnics. Another alternative

New Name	Institutions integrated	Year	No. of staff (2013)	No. of students (2013)[2]	Goal for merger or deeper co-operation
Aalto University	Helsinki University of Technology, Helsinki School of Economics and University of Arts and Design	2010	4597	16143	New innovative, interdisciplinary, and relevance for the society; world-class university by 2020
University of the Arts	Academy of Fine Arts, Sibelius Academy (Music University) and Theatre Academy	2013	597	1824	To become 'the most interesting university'in Finland with significant role in society; internationally attractive meeting point for art, education and research. (Taken from the University's Strategy: http://www.uniarts.fi/en/about-us
University of Eastern Finland	Universities of Kuopio and Joensuu	2010	2121	13300	New University structure and governance with clear profiling areas
University of Helsinki	PRI's of National Consumer Research Centre and The National Research Institute of Legal Policy	2015	6742	28609	Full merger, characteristics of a takeover
University of Turku	University of Turku and Turku School of Economics	2010	2580	14865	Full merger with collaborative character
University of Applied Sciences[1] Lapland	Kemi-Tornio UAS and Rovaniemi UAS	2014	505 (Kemi and Tornio)	6065 (Kemi and Rovaniemi in all)	Arctic vitality: to refine expertise and vitality from the strengths and opportunities of a changing operating environment to meet the needs of northern people and organisations

Fig. 4.2 The landscape for higher education reform

Metropolia University of Applied Sciences[1]	Stadia UAS and EVTEK UAS	2008	1044	16811	Meet to create insight, expertise and well-being for both the world of work and life in general; reliable partner and an innovator in higher education
University of Applied Sciences Tampere[1]	Tampere UAS and Pirkanmaa UAS	2010	730	10477	Consisted combination to achieve multidisciplinary education, creativity, and a strong international dimension
Federation of Universities of Applied Sciences[1]	Hämeenlinna UAS, Lahti UAS and Laurea UAS	2008	1433 (Three UAS)	20780 (Three UAS)	To guide and structure educational and RDI activities
University of Applied Sciences[1] cooperation in South-East Finland	Kymenlaakso UAS and Mikkeli UAS	in force 2017	677	8563	Closer co-operation and partnerships including services and international affairs

[1]Universities of applied sciences = polytechnics
[2]For universities of applied sciences / polytechnics, includes only degree students

Fig. 4.2 (continued)

that could promote mergers is also if there were to be closer co-operation in first cycle degrees between the polytechnics and universities.

There will be opportunities for reforms in the future, as the Polytechnics Act and Universities Act do not allow the full mergers between universities and polytechnics. A need to deepen the co-operation between the two sectors is evident in first cycle degrees as well as in research and development functions. Arto Mustajoki, a dean at the University of Helsinki and former chairman of the board of the Finnish Academy and Tuula Teeri, rector of Aalto University have suggested halving the number of academic units in universities from its current 272 (Mustajoki and Teeri 2015). The University Rectors' Council (UNIFI) has prepared a proposal for universities to focus on specific disciplines (UNIFI 2015), which aims to focus on the distribution of resources. This proposal implies the merger of units, closing education programs, merger of fields of education and research and by providing some units with more resources redistributed from other units. The proposal includes an

alternative for mergers for the institutions. It would be the first time in the history of Finnish higher education that universities could decide on structural changes based on university-driven plans, and the units could move from one university to the next, thereby increasing the scale of operation.

4.4 Conclusion: Merger Mania During Periods of Reform

Reforms in Finnish higher education have been introduced by legislation. Such legislation is therefore the most obvious manner way that governments can exert their power to influence. This is particularly relevant in higher education systems in which the majority of funding comes from the public purse, and Finland is an excellent example of this phenomenon: 'he who pays the piper, calls the tune'.

However, other reforms happen less directly, and the situation in Finnish universities has been such that several changes that occurred following the 2010 Universities Act have been presumed to have come about as a consequence of that Act. For example, the use of the full cost model for external funding has been criticised by university researchers, but full costing was instigated not by legislation, but because several major funding bodies demanded it, including the European Union and the Academy of Finland. As a corollary to this, external funding bodies have also demanded that researchers working on projects allocate their work time to specific projects. Again, many researchers presumed that this requirement followed from the new Universities Act.

Changes to institutional information systems have also come about in the period since promulgation of the new Act, and not everyone has been comfortable with these new systems. However, such changes have typically been related to the usable life of existing systems, rather than any external demand for change. Institutions update their management systems regularly.

Arguably higher education mergers in Finland fall into the category of 'reforms' external to the new Universities Act, and in time the situation with the 2014 Polytechnics Act will be similar. Ministerial 'persuasion' has led Finland to having fewer universities and polytechnics than in the past, in part by the use of the 'carrot and stick' method of inducing cooperation. A recent Ministry of Education and Culture (2015) report makes it clear that more mergers should be in the offing. The report compares numbers of students and institutions in a number of countries, and concludes that Finland still has a surfeit of higher education institutions.

Mergers will continue to be part of the higher education environment, but whereas the attention has been paid to having universities merge with universities, and polytechnics with polytechnics, one possible extension into the future is that Finland might consider changing its current binary arrangements for the provision of higher education. Within a given region, it could be that polytechnics are merged into the local university, perhaps with the intention of having the former polytechnic operate as a provider of teaching to students in their first or second years, that is, as a 'feeder' system. In such hypothetical arrangements, it is unlikely that polytechnics

will be the senior partner in the merger. Should such a situation arise, polytechnics might rue the fact that they tried to give the impression that they were more 'university-like' by calling themselves '*universities* of applied sciences'. Had polytechnics pointed out how they were different from universities, rather than trying to be more like them, thoughts of mergers (or takeovers) of polytechnics by universities might have seemed like a less likely 'reform'.

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Chapter 5
Mergers in Danish Higher Education: An Overview over the Changing Landscape

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5.1 Introduction

Higher education in Denmark has historically been organised into three types of programme offered by different types of institutions. Short-cycle programmes were offered by institutions responsible for vocational training, medium-cycle programmes by colleges specialising in training teachers, pedagogues, social workers etc. and long-cycle programmes were offered by universities. Through reforms and mergers this structure has changed significantly over the last 15 years. In the 2000s, the short-cycle programmes were transferred from institutions responsible for vocational training to a new type of organisation called academies of professional higher education (erhvervsakademier). In the same period the specialised colleges offering medium-cycle programmes were merged, firstly into centres of higher education (CVU'er) and later into university colleges (professionshøjskoler). These two sectors are increasingly developing into one sector, with a common law outlining the framework conditions, and as the result of a number of cross sector mergers. Finally, in 2007 a merger reform was implemented in the university sector. This reform

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included both inter-university mergers and mergers between universities and GRIs. The university sector was maintained as a separate sector governed by its own law and offering education programmes organised mainly according to a 3+2+3 Bachelor, Master's and Ph.D. structure.

In this chapter the merger changes in the Danish higher education system as a whole are described and analysed. The following research questions are addressed: (1) How have mergers changed the landscape of higher education institutions? (2) What has influenced the process and forms of the mergers? Research question one is answered through a descriptive analysis of the overall landscape changes in the higher educational field. In the analysis of the dynamics of the merger reforms, which provides an answer to research question two, the university sector has been chosen as the case for thorough analysis.

The time period covered is the last 15 years. However some minor mergers within the Danish higher education sector did take place earlier than this. What is of particular interest as we assess developments within the higher educational field is the interaction between several streams of change. One stream of change concerns the changes in governance and management systems which can be seen as part of the overall reformation of the public sector. The second stream is the dramatic increase in the number of students and share of the youth population enrolled in higher education. The third is the change in the financing of higher education, with moves towards more output-based allocation of resources. And the fourth can be seen as the creation of a formalised Bachelor education system outside the university sector. These changes have all developed gradually over more than two decades and have in general been supported by a broad majority of the Danish political parties.

In addition, these streams of change and the merger processes have taken place in a political climate with a widespread belief in the idea that education is a necessity for increasing the competitiveness of the country, and where it was widely believed that further education improves an individual's chances of getting a stable job and overall living conditions for the individual. However, the changes have also taken place in a national economy where a major political objective has been to stop the growth in public sector expenditure. In the last part of the chapter we will return to the question of the interaction between the merger reforms and the other parallel streams of change.

5.2 Background: The Danish Setting

The University of Copenhagen dates back to 1479 (Hansen 2000) and was the only multi-faculty university in Denmark until 1928, when Aarhus University was founded. However from the middle of the nineteenth century to the beginning of the twentieth century a small number of mono-faculty university institutions were

established in order to educate an academic workforce for specific sectors: agriculture, industry and business. They were all situated in the metropolitan area and had the right to educate students to Bachelor and Master's levels.

While all long-cycle higher education institutions were located in the metropolitan area until the establishment of Aarhus University, medium-cycle education was spread throughout the country. Teacher training took place in fairly small teachers' colleges financed through public means but often initiated locally. The same applied to institutions providing education for pedagogues for kindergartens and other types of social institutions as well as for institutions providing education for social workers and engineers. Health care personnel were, with the exception of medical doctors, educated through vocational training in local hospitals. All these institutions were more or less fully financed through public means. Privately financed higher education has barely been seen in Denmark in the last couple of centuries.

The decision to establish a university in Aarhus in 1928 was supported by a strong regional pressure group. The was also the case in the early 1960s when the decision was taken to establish a university in Odense, and again in the late 1960s in relation to the founding of a university in Aalborg which was established in 1974. The only university started without a strong local pressure group was Roskilde, which was established in 1972 to ease some of the pressure from an increasing number of students attending the University of Copenhagen. However, all Danish governments seem to have been very careful not to increase the number of universities too drastically.

In the Government Research Institute (GRI) sector a number of institutions were established and developed throughout the twentieth century. The GRIs' income came from two sources. One was basic funding given through the sector-ministries' national budgets while the other was the sale of specialised high-level knowledge to customers, which could be private firms, industry organisations, municipalities, county administrations, state institutions, ministries, or international institutions.

Until the mergers, the higher education system in Denmark was organised into three different sectors, where only the universities had the dual functions of teaching and research. They were also the only institutions obliged to offer Master's and PhD education. In addition to the universities, the GRIs were involved in doing research as well as giving knowledge-based advice.

The changes which led to mergers within the entire system began when part of the system of higher education started changing. The high schools and vocational schools gradually started to develop so called short-cycle higher education within the fields of technical and business programmes (1–2 year education programmes). The number of students following these programmes increased in parallel to the continuing increase in students within the universities and medium-cycle education institutions. In the same period, the education of personnel for the hospital sector was formalised into specific education, with increasing weight on theory. Together with the older colleges, these institutions formed a kind of medium-cycle sector within higher education.

5.3 From Growth in the Number of Institutions to Mergers

In the first decade of the 2000s, institutional mergers happened in all parts of the higher education system. In addition, most of the GRIs were merged into the universities. However, mergers have not solely been a characteristic of higher education. The merger idea has permeated public sector reform in the 2000s, including reforms of local government, the police, the judiciary and the hospital sector (Greve and Ejersbo 2013; Berg-Sørensen et al. 2011). It was almost as if a merger competition rose across ministries and sectors.

Several arguments for introducing mergers in Danish higher education were put forward. The most common were economies of scale; e.g. pooling of finances, knowledge, technical facilities, buildings, etc. – and the possibility of saving administrative and perhaps teaching resources. Scale is often seen as a way to enhance the competitiveness of the organisation (Johnson et al. 2012: 329) and decrease costs.

The argument of *competitiveness* has often been used in combination with the idea of ongoing globalisation, especially in the university sector: the formation of a global or European market for higher education (Sursock and Smidt 2010), where larger organisations will be able to develop more specialised, high quality education taught in English for an international audience, and where they will be able to create large specialised and internationally competitive research groups. This has been used as a strategic argument at both institutional and governmental levels.

The argument of *decreasing costs* has also been used in several ways. One is the possibility of using teaching resources more efficiently by having larger classes or by having the same programme and curriculum taught at different locations within the same institution. Another way of using fewer resources is through scale in administration and in relation to teaching, student, and research matters. The idea of using fewer people to perform managerial functions by establishing larger groups, departments, faculties and institutions has been closely connected to this.

The arguments of scale and costs have put different solutions on the agenda. One radical proposal was to merge all Danish universities into one; another was a clearer regionalisation of the higher education system; and yet another, a distribution of subjects taught and researched by individual institutions. The solution which was eventually chosen comes closest to the idea of regionalisation with three separate higher education systems: the professional academies; the university colleges; and the universities.

5.3.1 Professional Academies

Today, a total of nine academies of professional higher education constitute one part of the higher education landscape. Sixteen percent of all HE student enrolments are in these institutions (Danske Professionshøjskoler 2014). These institutions offer short and to some extent also medium-cycle higher education, primarily within the technical and business fields. The academies of professional higher education were

established in a rolling process. Most recently it was decided that, with effect from 2009, the higher education programmes located at institutions responsible for vocational education and training should be transferred to a new type of organisation called an academy of professional higher education. The aim was to develop an unambiguous organisation and separate the economies of vocational and higher education (Rambøll 2013). After experiments with different ways of organising this, in 2010 it was decided that the academies of professional higher education should become independent institutions. Today the nine academies of professional higher education are regional institutions, all of them offering programmes at several campuses. The dynamics in this sub-field have been based on splitting educational programmes from their original institutional context in order to merge them into newly established institutions.

5.3.2 University Colleges

Seven university colleges constitute another part of the higher education field. Thirty-two percent of all HE student enrolments are in these institutions (Danske Professionshøjskoler 2014). These institutions offer mainly medium-cycle higher education programmes, mostly directed towards the public sector. The former specialised colleges have gone through several processes of restructuring before becoming university colleges. After a period, in the second half of the 1980s, when small teacher colleges in particular were closed down, this sub-field was the first to be confronted with large scale merger reforms. In 2000 there was a reform which urged institutions to re-organise into centres for higher education (CVU'er). Such centres could be organised in different ways. Existing independent educational institutions could collaborate by establishing a new centre or they could merge into a joint centre. Institutions choosing the first model were given an 11-year transition period to merge into a joint centre.

The reforms were voluntary and there was room built-in to maintain the identity and culture of the original institutions. In 2004, 23 centres were established, formed from 96 previously independent educational institutions (Rigsrevisionen 2004). In 2007, further mergers had reduced this to 14 centres. However, some "old" totally independent specialised colleges still existed. The rolling mergers continued, but the voluntary approach to the reforms was replaced with a more coercive one. In spring 2007 it was decided to establish eight university colleges (professionshøjskoler) by merging the centres and most of the remaining specialised colleges. The reform was to take effect from January 2008. Three institutions were allowed to continue independently. These reforms transformed the medium-length higher education system into a landscape of regional institutions. Two regions, however, have two university college institutions: The Capital Region of Denmark and The Region of Southern Denmark. Alongside this merger process it was debated whether the university colleges should be given a mandate to establish Master's programmes.

In the late 2000s and beginning of the 2010s the government supported *mergers between the academies of professional higher education and the university colleges*. In fact, it was decided that the boards of the academies should decide before January 1st 2015 whether they wanted to merge with a university college situated in the same region. If they decided not to merge, their right to offer medium-cycle education programmes would be transferred to a university college (Regeringen 2012). However, after an evaluation of the academies in 2013 (Rambøll 2013) a political agreement was reached stating that the academies of professional higher education should be maintained as a separate sector and that academies should maintain the right to offer medium-cycle education programmes within the technical and mercantile fields (Regeringen 2013).

5.3.3 Universities

Eight universities constitute the last part of the higher education system. The universities have 49 % of all HE student enrolments (Danske Professionshøjskoler 2014). They offer education programmes with a 3 + 2 + 3 Bachelor, Master's and PhD structure and they are responsible for a major part of public research activities. In this field the need for mergers was put on the agenda in 2001, but not much happened. However, in 2006 political action was taken and a process of voluntary coercion was initiated, as institutions were asked to work out proposals for mergers with other universities as well as GRIs. The process and the results are analysed in Sect. 5.4 below.

Overall, the merger processes have been anchored in rationalisation ideas of economies of scale and decreased costs. Likewise they have been implemented in an organisational world where centrifugal forces in the form of new educational areas, new specialisations, and new research programmes have often created a drift towards disintegration of the organisations, spoiling the benefits of scale. In higher education institutions, these processes unfold within organisations infused with strong organisational and managerial traditions and identities (Hansen 2000; Clark 1983) and within organisations tightly integrated in broader, international networks of knowledge production (Weick 1976). Due to this, the majority of implementation processes have been challenging and laden with conflicts, as shown in more detail in Chaps. 12 and 13 of this volume.

5.4 Merger Dynamics

Having discussed the new landscape of higher education, we will now focus on the dynamics of one particular merger reform by analysing the case of the university sector. The focus in this section is thus on the merger processes from 2006 onwards, when the majority of the Danish GRIs merged with universities, and the number of

universities decreased from 12 to 8. While the entire process is analysed in more detail in Chap. 12, this section presents some of the factors enabling the mergers, the key challenges, and the actual results (at system level). Based on this brief analysis, the final section of this chapter raises a number of questions regarding internal (merger) processes and external benefits, which are then analysed further in Chaps. 12 and 13.

5.4.1 Agenda Setting

As mentioned above, the need for mergers was on the policy agenda across the university sector for several years. Two different types of mergers were discussed. Amalgamations between the GRIs and the universities were on the agenda from 2001, when the so-called 'Research Commission' established by the government, suggested a review of the GRIs with the aim of creating more binding partnerships and consortia with the universities (Research Commission 2001; reviewed in Hansen 2001). A few months later, the new Liberal-Conservative coalition government stated in its programme that there was a need for greater cohesion between teaching, research and innovation, and that a study should be conducted on the role of the GRIs in order to move funds from governmental research to academic research (Danish Government 2001).

In the wake of this, several reports fed into the policy making process. The Danish Research Council (2002) reviewed the GRI field, recommending whether each of them should continue unchanged, be merged or closed down (Danish Research Council 2002). Later, an inter-ministerial working group was set up to formulate some general guidelines for the process. The working group proposed the establishment of a committee to identify joint principles for how cooperation between governmental research institutes and universities could be developed. Mergers were not the favoured solution for the majority of ministries. Following this, another committee conducted a survey showing that widespread educational collaboration between GRIs and universities was already taking place, particularly at Master's and PhD levels (Ministry of Science, Technology and Innovation 2003). The study thus implied that the problem of lack of collaboration with regard to teaching did not appear to be as pronounced as some of the merger proponents had initially suggested.

However, over time the open agenda was overtaken by political action, as the government decided to reduce the number of GRIs by merging two into the Royal Veterinary and Agricultural University, one into the University of Copenhagen and one into Aarhus University, starting on 1st January 2004. Action was thus added to a process that had hitherto involved only the articulation of problems and solutions, and the solution which was agreed was merging. Significantly, two of the merged GRIs had been under the auspices of the Ministry of Science. If a merger policy was to have a chance of being considered credible by other ministries, the Ministry of Science had to lead the way.

The other type of merger discussed was *inter-university mergers*. This discussion can also be traced back to the 2001 Research Commission, which suggested a review of the universities. This recommendation was adopted when the OECD was asked to conduct a study of the Danish university system, which it completed in early 2004. One of its recommendations was that 'mono-faculty universities', defined as universities with one or two faculties, should be integrated into the multi-faculty universities (OECD 2005). This recommendation was later supported by the Danish Council for Research Policy (Danish Council for Research Policy 2006).

In February 2005, the second Liberal-Conservative government coalition assumed power. Under the title "New Goals", the government programme outlined a number of ambitious targets. Denmark was to be a "leading knowledge society", a "leading entrepreneurial society" and to have "world-class education" (Danish Government 2005a). To achieve this, the government would appoint a Globalisation Council to formulate a strategy and provide advice. The Globalisation Council was established in April 2005 and held a series of consultations and meetings in which research and education issues were prominent, thus contributing to a ripening of the proposed reforms.

In 2005, the government established yet another committee, called the Børsting Committee, tasked with evaluating the feasibility of merging the Royal Veterinary and Agricultural University with a research institute within the field of agricultural sciences. Furthermore, the committee was asked to put forward proposals on ways in which other universities and research institutions could be persuaded to collaborate more formally. In December 2005, the committee proposed creating a 'Food University' by merging the Royal Veterinary and Agricultural University with several full research institutes, with selected parts of other institutes and with parts of two universities (Committee to Evaluate Options for Improving Research at the Royal Veterinary and Agricultural University of Copenhagen and the Danish Institute of Agricultural Sciences 2005). Unsurprisingly, the proposal was well received by those institutions that were to be merged in their entirety, but was criticised by those who were to cede parts of their organisation.

Before the publication of the proposal, but presumably on the basis of knowledge of it, a research institute not in favour of establishing a new food university proposed the establishment of a Danish MIT-like university, to be created by merging several universities and research institutes. Another group of stakeholders were thus testing the waters and trying to create a diversion to counteract the proposal of establishing a food university. The two incompatible proposals made the differences in opinion abundantly clear. Some wanted to promote a food university, while others wanted to promote a more technology and innovation-oriented approach. The merger agenda was boosted, but it also became clear that decisions on mergers were complex and full of potential conflicts.

As has been noted, a number of actors and events in the fields of public sector reform and general research and university policy interacted to advance the merger idea as a solution. The fact that the merger solution turned out to have such an impact was not least related to a new University Act, passed in 2003. This introduced the universities to a classic company model with a hierarchical management

structure and boards with a majority of external members. The boards were to appoint vice-chancellors, who would hire deans, who in turn would appoint heads of department (Hansen 2004). By early 2005, the new boards were in place and by the end of the year all but one of the vice-chancellors had taken up their posts.

The new decision-making structure thus served as a window of opportunity for the merger reform. The newly hired managers could hardly duck their responsibilities with regard to mergers. At the same time, institutions were tempted to merge by the broader political agenda outlined by the Globalisation Council, which promised additional resources for the universities in the future. The establishment of a decision-making structure that generated managerial commitment, combined with an approach that included both carrots and sticks, created a powerful momentum for the initiation of the merger reform.

5.4.2 The Decision-Making Process

As has been noted, the merger agenda was set in late 2005 with the incompatible proposals for the establishment of a food university and a Danish MIT-like university. In addition, a proposal from the Globalisation Council (Danish Government 2005b) used a new phrase, suggesting that the GRIs should be "integrated" into the universities. The agenda was narrowed, but the concept of integration was not clearly defined.

In light of this in February 2006, the minister of science chose, on behalf of the government, to adopt a more general approach. The minister sought a solution that involved the entire institutional field, now defined as the 12 universities and 13 GRIs. The patience of those who had been waiting for a step-by-step implementation of marginal initiatives had run out. The minister asked all universities to "engage in a dialogue with all potential partners in advance of a process towards integration" (Sander 2006). On the basis of this, the universities drew up expressions of interest.

At the same time, the GRIs were asked to draw up expressions of interest for possible integration with universities and other GRIs. The expressions of interest were to be submitted to the ministry barely 2 months later, on 3 April 2006. The agenda was fixed and clear: mergers were to go ahead, but it was also an open process. All input from the institutions would be evaluated, they were told, before decisions were made about how the rest of the process would be organised. This process seems to have been inspired by local government reform. The organisation of the process had clear similarities to the process the government had successfully used in 2004 to encourage local authorities to find merger partners (Christiansen and Klitgaard 2008: Chapter 6).

The entire decision-making process went through four main phases in 2006 (Table 5.1, below). The table shows the phases with regard to the reform paperwork. In between proposals, input and announcements, several meetings were held, some involving the minister and the two groups of chairs, others between the specific potential merger partners and the relevant ministries.

Table 5.1 The process – from government proposal to a new university map

Phase:	Activity	Contents
Phase 1: 10.02.06–03.04.06	The proposal: the government invites "partners to dance"	The chairs of the university boards and the GRIs are asked to submit expressions of interest in the integration of the latter into the universities, and the need to join forces in the university sector to respond to international competition
	Input: the institutions submit requests for dance partners	Responsiveness and scepticism. Virtually every conceivable integration combination is brought into play
Phase 2: 22.06.06–15.09.06	The proposal: the government reports the main outline of the new map and requests continued discussions	The proposal is made for the establishment of five new universities, which involves the integration of two universities and ten GRIs, and the continuation of one university (unchanged). Four universities and four GRIs have not yet been plotted on the map
	Framework clarification	A range of conditions concerning management, personnel and funding are clarified
	Input from the institutions	Of the four universities still to be placed, two remain sceptical. Of the four GRIs not yet placed, two remain sceptical and one wants to be moved to one of the regions
Phase 3: 04.10.06	The government announces the new map of Denmark	It consists of three major universities, four medium universities, one small university and three national research centres. The position of one university remains unresolved
Phase 4: November 2006 – February 2007	Final clarification	The last university is merged into one of the major universities

In general, the universities' and GRIs' expressions of interest – *phase 1* – looked like the results of brainstorming sessions, with most of the answers couched in doublespeak. Some welcomed the proposals, but were also sceptical. Others were sceptical, whilst welcoming. The GRIs in general argued that there was no need for integration and that the two sectors did fundamentally different work. The universities argued that large units are bureaucratic and slow, and merger processes long drawn out and expensive. Reading between the lines, the common denominator for the majority was that they perceived a risk that mergers would lead to the loss of their essential characteristics and a breakdown of academic identities.

Rather than clarifying the process, the input from institutions muddied the waters somewhat. Many possible integration combinations were identified, but certain patterns did emerge. Eight universities and eight GRIs were mainly positive towards mergers, while four universities and five institutes were rather sceptical. One joint response submitted by a university and a GRI tried to maintain awareness of the suggestion of a food university. In general, the input of the GRIs identified University of Copenhagen and the Technical University (DTU) as the most attractive "dance partners". The expressions of interest also showed that the universities were adopting

different strategies. The University of Copenhagen was open to the integration of the GRIs solely in the health and science fields, while both Roskilde University and Aalborg University were open to integration over a broader academic spectrum. Finally, the expressions of interest showed that the mono-faculty universities were identified as interesting partners in accordance with the agenda set by the government. At the same time, two of these – ITU and Copenhagen Business School (CBS) – clearly stated that "they did not want to dance".

The expressions of interest from the institutions returned the ball to the minister's court, leading to the start of *Phase 2*. Two-and-a-half months after the input from the institutions, the government announced the main outlines of a new map for Danish higher education and research. In the intervening period, a number of bilateral meetings had been held between the Ministry and the institutions. The government's solution consisted of new, enlarged versions of University of Copenhagen, Aarhus University and the Technical University, and smaller additions to Aalborg University and the University of Southern Denmark. The proposal tried to balance different interests in the institutional field and can be interpreted as an attempt to secure a compromise by meeting the needs of the majority. The idea of a life-science university was supported; so was the desire for growth of the Technical University. All the regional universities were "given presents". The challenge of Roskilde University, which no one "wanted to dance with", was solved by allowing it to continue unchanged. The package was presented as a *fait accompli*.

The role of the boards was to continue to work on the merger and integration plans and to support the academic objectives behind the mergers. The boards were also to address questions pertaining to the organisation and contracts with the relevant ministries. However, a couple of problems remained. In the university sector, the government's objective was that two or three more universities should be merged into the University of Copenhagen and one more into Aarhus University. In relation to the GRIs, further negotiations were required with four institutes. The deadline set for all this to happen was 15 September 2006.

By the time the institutions submitted their responses to the second round, they had largely accepted the government's proposal. However, there were still voices arguing for a food university and most of those who were initially negative about the merger solution remained so. In addition, this phase was characterised by a growth-competition dynamic where several universities expressed interest in two of the GRIs still in contention. The feelings were not reciprocated, however.

In October 2006, the government announced the plan for the new university landscape. There were few changes in *phase 3*. The government took what it could get, but did not exert further pressure. Two mono-faculty universities retained their independence, as did two GRIs which had to change their names. One institute was moved to the hospital sector. The food university supporters were "paid off" with the establishment of a National Food Forum, a body designed to coordinate the work of all institutions in the area. Only one problem remained at this point: the University of Education (DPU), which had been referred to a special committee set up to prepare a merger between the University of Education and the University of Copenhagen. However, this solution was never implemented. In February 2007, it

was announced that the DPU had instead agreed a merger with the University of Aarhus. This brought the decision-making process to an end.

Summing up, the merger process was comprehensive and multi-phased, and characterised by considerable uncertainty, which was resolved through inter-institutional dialogue and negotiation. For some institutions, the process led to the maintenance of the status quo but for most it resulted in significant mergers, typified by loose partnerships. Initially none of the existing institutions were physically relocated or broken up. However, as shown in Chap. 13, this situation changed for a number of institutions during the post-merger processes.

5.4.3 The New Danish Higher Education Landscape

The new domestic higher education landscape could be presented in numerous ways. What we will do here is to present it as it looked in 2012, based on information that shows the size of the universities in terms of spending and enrolments, as well as the number of universities and GRIs integrated within each institution (as a result of the mergers) (Table 5.2).

In 2012 the Danish university landscape included two large universities, four medium sized, one small, and one very small. This is in a country with a population of five million inhabitants and a total of 150,000 university students.

In relation to the arguments for the benefits of mergers, the figures shows that the "big is beautiful" objective was partially implemented, but at least two universities and two GRIs were able to stay out of the process. The overall result can thus be seen as a combination of voluntary and coercive elements.

Another objective which was partially achieved was to have a university in each national region. Southern Denmark, Middle Jutland, North Jutland and Zealand all maintained one university, while four universities remained in the metropolitan

Table 5.2 The University and GRI landscape in 2012

University	Spending 2012 EUR	No. of students	No. of universities integrated	No. of GRIs integrated
Uni. of Copenhagen[a]	1,000,000,000	39,000	2	(2 before the merger reform)
Aarhus University[a]	820,000,000	38,000	2	2
Aalborg University[a]	330,000,000	19,000	0	1
Technical University	590,000,000	8,000	0	3
South. Denmark	342,000,000	20,000	0	1
Copenhagen Business	156,000,000	20,000	0	0
Roskilde University	101,000,000	7,600	0	0
IT-university	33,000,000	2,500	0	0

Sources: The annual 2012 reports from the different universities
[a]Analysed in detail in Chaps. 12 and 13

area: one comprehensive and three mono-faculty universities. But, this picture is to some extent deceptive as three of the universities (the University of Southern Denmark, Aarhus University and Aalborg University) have campuses in two or three regions, which can be seen as an unintended by-product of the merger process.

Seen from the political perspective, the main external benefit is that the number of institutions has been drastically reduced, thus simplifying the ministerial steering and control of the sector. In some respects this has also given the boards of the individual institutions more resources and more room for strategic manoeuvre, though this may have been counteracted by closer monitoring from both the ministry and Parliament to ensure that resources are used according to plans. Finally, another important benefit was realised in a number of cases, namely increased cooperation between university researchers and teachers and former GRI researchers in the realms of both research and teaching, which stimulates greater international competitiveness in research and education and enhances the development of new ideas, concepts, processes and patents.

5.5 Conclusion

This chapter has focused on two research questions: (1) How have mergers changed the landscape of the higher education institutions in the Danish context? (2) What influenced the process and the forms of the mergers? In this section we will summarise the answers to these questions and reflect upon the consequences of our empirical findings.

5.5.1 The Changed Landscape

In the last 15 years mergers have taken place in all parts of the higher education system in Denmark. Through the mergers the number of institutions has reduced considerably and institutional sizes have increased. Before the mergers, short and medium-cycle higher education programmes were offered by local institutions, while today they are offered by regional institutions. However, most regional institutions are multi-campus organisations. In the university sector, we have seen both inter-university mergers and GRIs being merged into the universities. To some extent the university sector has also been regionalised, but several universities have campuses in several regions. This development may reflect the fact that new types of universities are evolving.

The higher educational field in Denmark cannot be seen as one sector. The universities are regulated by one law, the university colleges and academies of professional higher education by another. The universities are in charge of most public sector research and they are the only higher education institutions allowed to offer

Master's and PhD programmes. In spite of this, the boundaries between the three categories of education have become increasingly blurred. Academies of professional higher education offer both short and medium-cycle higher education programmes. In some fields, first and foremost within the field of engineering, medium-cycle higher education programmes have been merged into the universities. In addition, the university colleges are increasingly trying to build up research capacity and they argue that they should be allowed to offer Master's programmes. Hitherto, they have not gained support for this and some have tried enter the market for Master's programmes by offering a Master's course in collaboration with foreign universities.

5.5.2 Influencing the Process

The dynamics of the merger processes have differed across the sectors. The academies of professional higher education were established as short-cycle educational programmes were moved out of their prior institutional context and merged into new institutions. The university colleges were established by merging specialised institutions into large institutions with broader profiles. In the university sector mono-faculty universities were, to some extent, merged into multi-faculty universities and GRIs specialising in sectorial research were moved into the universities. These mergers in the higher education sector happened in a context where mergers were taking place in many other areas of the public sector. In general, the processes were also dominated by discussions about solutions rather than discussions about the problems the solutions were intended to address.

All the merger processes have been characterised by complex interactions between top-down and bottom-up initiatives. In addition, the processes have been rolling, as there have been several waves of mergers. Often top-down merger initiatives have been linked to opportunities for institutions to obtain resources not otherwise available. In many cases these potential benefits made the merger proposals hard to refuse. To some extent, and seen in short time intervals, there has been an element of institutional voluntary involvement in the processes, but at the same time the top-down initiatives have been persistent and coercive. In the university sector, the 2003 management reform seems to have been an important precondition for the merger reform.

Mergers dynamics are complex and mergers are lengthy processes. The duration is not only related to formal decisions and the design of a new organisational structure; it is also about building new processes of collaboration, new divisions of work and new ways for employees to understand the parts of the organisational designs that have implications for the way they are expected to work. A merger is not fully realised before each employee has come to terms with the new conditions. This does not mean that the individual employee needs to be in favour of all the new structures and processes, but he or she has to accept them and understand how to work efficiently under these new conditions.

This is in fact an ongoing and never ending process as the organisation and the new conditions, and the possibilities and challenges of the merger continuously have an impact on daily work processes. A merger will be the subject of debate and reflections for a long time, and will lurk in the back of the mind of the individual for even longer. Therefore questions about how mergers are experienced by different groups in the new institutions, and how such experiences change over time, are important. They are important because they define the central conditions of the working life of the employees and because the ways these experiences develop plays a central role in the success of mergers. In Chaps. 12 and 13 we pursue these questions, analysing the differences in merger dynamics and post-merger experiences in three case organisations.

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Part III
Case Studies

Chapter 6
The Anatomy of a Merger Process in the Greater Oslo Region

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6.1 Introduction

As indicated in part II of this volume (Kyvik and Stensaker), Norwegian higher education has undergone major changes over the last 20 years, and thus the sector is facing great challenges (Kunnskapsdepartementet 2014). Mergers or amalgamations amongst domestic providers have come to the fore as a solution to some of the problems facing both individual providers (e.g. lack of students, high costs) and the system as a whole (erosion of the binary divide, quality concerns, fragmentation, etc.). A 2008 independent commission report (Stjernø) highlighted the need for major structural changes in years to come, including mergers amongst existing domestic providers at the regional level (NOU 2008). Following this, many universities and university colleges have chosen to merge (Kyvik and Stensaker 2013), and have therefore directly contributed to a major restructuring of the Norwegian higher education landscape.

This chapter focuses on one of these mergers, a voluntary merger between two university-colleges based in the greater Oslo region, the most densely populated area in the country. The study, which was an integral part of a Master's thesis in public administration at the University of Agder, was undertaken in the spring of 2014 and sheds light on the intricacies of some of the key phases linked to the merger (Mathisen 2014). As discussed in the introductory chapter of this volume, mergers are often time-consuming, complex and rather difficult processes that are

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laden with ambiguity, tensions and anxieties. Taking this as point of departure, the research problem driving this inquiry is:

> *How can the process leading to the formal merger between Oslo University College and the Akershus University College be described and understood*?

Three aspects are analysed in detail: (a) the background and rationale for merging; (b) the relationship between actors belonging to the two institutions during the negotiation process (e.g. climate of trust, equal treatment, etc.); and (c) the ways in which the merger was communicated – inside and outside the organisation – as well as the role played by formal leadership structures.

Following the introduction, section two of the chapter sketches its conceptual foundations. We then proceed to a brief presentation of the case study, as well as the research design and methods. Section five presents the empirical results, and section six discusses them in the light of theory. The chapter concludes with a summary of key findings and their major implications going forward.

6.2 Conceptual Backdrop

Social science scholars make a distinction between *instrumental* and *institutional* perspectives on organisations (March and Olsen 2006; Scott 2008; Selznick 1996; Thompson 2008). The former conceives of organisations as *tools* for the accomplishment of specific goals, often set by management or influential external stakeholders like government. The latter, in contrast, focuses on the importance of endogenous factors such as organisational rules, norms, values and identities. Decision making procedures within each of these perspectives take place around a specific inner "logic of action". An instrumental perspective favours means-ends rationality, i.e. attempts to ascertain the future effects of a premeditated plan, what some term *the logic of outcomes or consequences* (March and Olsen 2006). In contrast, institutional perspectives on organisations stress the fact that participants or social actors tend to act in accordance with past experiences and taken-for-granted assumptions of what is perceived as reasonable, fair and acceptable; thus, resembling a *logic of appropriateness* with behavioural rules matched to emerging circumstances (ibid.).

As far as *change* dynamics are concerned, an instrumental perspective conceives of the change process as a result of the rational (strategic) adjustment of internal goals and structures to shifting external (environmental) imperatives and stakeholder demands. In contrast, an institutional perspective on change gives privilege to those organisational aspects that tend to be rather durable (continuity) and evolve gradually and naturally over time, irrespective of their performance effects (Selznick 1966; Zucker 1991).

Turning now to the specific realm or *organisational field* (see DiMaggio 1991) of higher education, while an *instrumental* perspective views the university or other type of higher education institution as involved in a set of contracts (Gornitzka et al.

2004), an institutional perspective, instead, pays close attention to internal and external rules and organised practices, embedded in structures of meaning and resources (Olsen 2007). As an institution, the university is involved in a *social pact* based on long-term cultural commitments (Maassen 2014). Actors belonging to the university are supposed to be the guardians of its constitutive purposes, principles, rules and processes, thus guaranteeing some degree of stability and continuity (Olsen 2007; see also Zucker 1977).

Each of these perspectives can be further divided into two relatively distinct approaches, as outlined by Christensen et al. (2007). Institutional perspectives can either be linked to traditional bureaucratic models of decision making, embodied in an *hierarchical* approach (Blau 1972), or to decision making models substantiated around *negotiations* and compromise (Pfeffer and Salancik 1974). The first approach puts an emphasis on top-down structures, power distance and formalisation, whereas the second approach sheds light on the political and power-laden dimensions inherent in organisational life, with different internal groups competing for strategic influence and resources (for a discussion related to higher education see Covaleski and Dirsmith 1988; de Boer and Stensaker 2007). As for institutional perspectives, these can be split into *cultural* and *myth* approaches. The former pertains to the importance of the endogenous life of the organisation – its cherished norms, values, roles, and identities – in decision making processes (Christensen et al. 2007, pp. 37–56). The latter relates to the role attributed to exogenous, hegemonic elements such as stylised models, scripts, blueprints, (global) ideas and/or organisational receipts, on how best to organise internal functions and activities (ibid. pp. 57–78).

While the rational model of decision making assumes full access to information and a list of possible choices of options and their consequences, *bounded rationality* (Simon 1991) is based on the notion that decisions are made by processes which are characterised by randomness and uncertainty regarding the quality of the outcome. This is largely due to the cognitive limitations of the actors involved (ibid.) and the complexity inherent in the environments in which they operate (Scott 2008).

The two distinct organisational perspectives (and the four approaches) presented above prompt the following case-related research question:

> *What set of critical elements associated with either the instrumental or the institutional perspective provide an explanatory account of the merger process involving the two case institutions*?

6.3 Case-Study

In order to paint a picture of the settings for this merger, this section provides background information about the two university colleges involved in the merger. In addition, it will describe the vision of the merged institution and why this case is seen as interesting from a researchers' perspective.

The Oslo University College (OUC) and the University College of Akershus (AUC) were first established as a result of reforms (forced mergers) across the non-university college sector in the mid-1990s (Kyvik 2002). During the planning of the college reforms, in 1994, the long term goal was that there should be one single college serving the neighbouring administrative regions of Oslo and Akershus, in the Southeast of the country.[1] Yet it took 17 years for this ambition to be accomplished. Prior to the merger, OUC was the country's largest college, enrolling around 13,000 students, the equivalent of 15 % of the university college population (NSD-DBH 2014). In Norwegian terms, in autumn 2010 AUC was considered to be a mid-size institution, with about 3600 enrolments. OUC and AUC were formally merged in autumn 2011, creating the Oslo and Akershus University College of Applied Sciences (OAUC). In 2013, OAUC enrolled 17,638 students and employed 1700 people, making it the third largest higher education institution in the country (after the University of Oslo and NTNU) in terms of enrolments (NSD-DBH 2014).

Prior to the merger with AUC, OUC had intended to become a university and was actively working towards this goal. In addition to being in close geographic proximity (approximately 30 min by car), the two institutions were similar in several ways; they offered many complementary professional courses, both had small research communities and dynamic groups in a few areas. In addition, they were both at a developing stage when it came to graduate and postgraduate education. According to OUCA's strategy, the aim is to achieve full university status within a few years of the merger, with the long-term goal of becoming a leading university in Scandinavia with an academic profile oriented towards professional fields like pedagogics, business economics, health and social work, media and communication (OAUC 2014).

This particular merger case was chosen for two main reasons. First, the merger is quite recent and therefore allows us to study the decision making process retrospectively, by speaking to the key actors involved in the process. Second, the organisations had similar institutional profiles (both were university-colleges), although they were different sizes and had different core competencies within teaching and research. This means, amongst other things, that this case is of particular relevance to actors within the university college sector currently evaluating a possible merger with a similar type of institution (Kyvik and Stensaker 2013).

6.4 Design and Methods

The study adopts a case study research design. Case studies can be used to increase the knowledge of individuals and groups in an organisational and social context, and thus are suitable for inquiries that aim to understand complex social phenomena

[1] Norway consists of 19 administrative regions or counties (*fylker*). Combined, the Oslo and Akershus counties have around 1.2 million inhabitants (24 % of the total population) making it the most densely populated area in Norway.

(Yin 2009). Further, case studies provide researchers with the ability to perform in-depth investigations of how people act and relate to one another (Stake 1995). Given the exploratory nature of this inquiry, a mixed-methods approach was chosen (Bryman 2006), based on interviews with key actors involved with the merger process and desktop research using official documents, meeting reports, and statistical databases. A total of 12 face-to-face interviews (lasting about 60 min each) with representatives from both colleges (6 from each) were conducted during the spring of 2014. Purposive sampling following the snow-ball method (Biernacki and Waldorf 1981) was used. The sample was two representatives (one per institution) from each of the following stakeholder groups: senior management; administration; academic; students; board member; other internal representative (non-academic/administrative). The interviews (face-to-face) were digitally recorded and transcribed verbatim. The cross data analysis – both within and across institutions and types of respondents – was framed around major themes associated with the questions posed (Miles et al. 2013), which were then related to the research- problem and question driving the study.

6.5 Key Findings

This section describes: (a) the background and rationale for merging; (b) how the merger took place; and (c) leadership and communication-related issues surrounding the merger process.

6.5.1 Background

The path leading to the merger began in the spring of 2008, when the academic and administrative leaders of the OUC and AUC began discussing the possibilities for closer cooperation and a possible future merger. Later that same year, the boards of both colleges formally approved this strategic ambition and decided to explore the conditions necessary for closer cooperation, with view to a possible amalgamation. The boards endorsed the establishment of a joint steering committee tasked with leading this process. The Rectors were given full authority to appoint participants to the committee and lay down its official mandate. The committee consisted of the executive management for both colleges, the two Rectors, an external board member, and OUC's administrative director, as well as representatives from the boards of each institution (two external, two internal, and two students from each institution). Following this, the steering committee appointed a project team consisting of 12 members, 6 from each college, responsible for undertaking the actual preparatory work. Students and trade union representatives were also invited to attend meetings on an as needed basis.

The vision for the newly created institution – *Oslo and Akershus University College*[2] – was (and still is at the time of writing) to become a national leader in education and research within the professions and the world of work, rooted in the region yet with a clear metropolitan ('big-city') profile and international orientation (OAUC 2014). Following the merger, the campus at Kjeller, which was originally the main campus of AUC, was kept in operation, as were many buildings at the second campus, Pilestredet.[3] The Kjeller campus hosts two Faculties, while the Pilestredet campus is home to three departments, in addition to the central administration and the rectorate.

6.5.2 Rationale for Merging

When asked about the background and rationale for merging, the interviewees from both colleges often referred to the first round of mergers in the mid-1990s and the aim of those reforms, namely the establishment of a binary system of higher education (see Kyvik 2009). These two issues, along with the influential report by the 2008 Ministerial commission alluded to earlier (NOU 2008), were described as the main triggers for the current dynamics facing the entire sector. The 2008 commission proposed mergers at the regional level as the strategic solution for overcoming the current challenges and future dilemmas facing the sector. These included, but were not limited to, programmatic and academic fragmentation, and the tendency for university-colleges to aspire towards full university status (NOU 2008). There were similar responses from both camps regarding the general perception that it has always been the intention to have a single university college serving the Oslo/Akershus-region. Although the data point to there being a shared aim to unite the two colleges, the critical issue of retaining both of the existing campuses led to some resistance from OUC's union. According to a representative of OUC's union: "*It would be rather cumbersome to operate two colleges geographically separated when OUC just had a huge process of moving together in one single place*".

Further, there were also some objections about the timing of when the merger was initiated. According to the majority of interviewees from OUC, the merger should have taken place after OUC had successfully achieved full university status on its own.

Turning now to the main motivation or rationale for the merger, it was stated that the main goal was "to stand stronger together", as publicly acknowledged in the assessment report titled "One region – two university colleges" (*Én region – To høgskoler*) (OAUC 2008). The data suggest that there were different accounts of the rationale for merging. On the one hand, interviewees from both organisations gave the impression that, prior to the merger, their respective institutions were

[2] The full, official name in English reads Oslo and Akershus University College of Applied Sciences (*Høgskolen i Oslo og Akershus*).

[3] OAUC now also has a 'knowledge centre' in the Sandvika area, just outside of Oslo.

well-functioning organisations which, looking into the future and being keenly aware of system-wide changes, recognised the advantages associated with a formal merger between the two organisations. On the other hand, interviewees emphasised that for OUC the merger was first and foremost a stepping stone towards becoming a fully-fledged university, whereas for AUC the primary motivation was to be able to survive in an increasingly competitive domestic market-place. In retrospect, it is perhaps more accurate to say that, by merging, OUC strengthened its overall position in the domestic higher education landscape since there were no direct, external threats towards its existence (consult NOU 2008).

In the eyes of one interviewee associated with OUC, who is also a union member, the merger acted as a kind of "rescue mission" for AUC. A number of interviewees from AUC agreed with this assessment to some extent, for example by suggesting that AUC was "too small" to fend for itself. A slight contradiction to these statements came from a board member at AUC, when stating that: "*There was no crisis at AUC*! [but there were some issues to grasp]". Regardless, there was a broad agreement amongst interviewees representing both colleges that AUC had the most to gain from the merger, given its relatively weak position when compared to OUC. The latter has historically been the largest and leading university college in the nation, largely given its privileged location in the capital city. According to a former AUC board member: "*The merger was considered a community project that served a greater purpose*". This statement was supported by one of his colleagues representing the central administration, who underlined the need for AUC "to keep up with the times". Finally, the notion of "large is best" was corroborated by a number of interviewees from both sides, who referred to the fact that larger organisations hold more power or influence at the system level.

Several interviewees referred to the successful merger between the Tromsø University College and the University of Tromsø undertaken in 2009 (Arbo and Bull 2016, this volume). This particular case was used as *benchmark* (Charles and Wilson 2012) since it involved a fairly large comprehensive university which merged with a small university college located within its immediate geographic vicinity. The procedural similarities between these two merger processes – Tromsø and Oslo/Akershus – were a conscious choice according to numerous former board members.

6.5.3 Reactions Towards the Merger

The interview data suggests that the actors involved understood the rationale behind the decision for merging, but that does not imply that they all personally agreed with it, as is often the case in similar situations (Part III of this volume). From the perspective of OUC's union it was stated that: "*It* [*merger*] *was expensive and time consuming. It created a lot of turmoil in the organisation. Why should they* [*OUC*] *join forces with a college that scores inferior to them on all accounts*?" Similarly, from the other side of the fence, an academic from AUC contended that: "*It*

[*decision to merge*] *was not a peoples' choice*, *but clearly a strategic choice by management. All the time*, *the goal was to try to create* [*wide*] *support for what one* [*central leadership*] *had already decided at the onset*."

When it comes to the nature of the relationship amongst actors belonging to the two university colleges, the key sub-themes coming out of the data encompass aspects like culture, resistance, and support mechanisms. According to two board members, one from each college, both institutions had considered tight strategic collaborations with other colleges and/or universities in the geographic vicinity. A key actor associated with OUC said that their college was "waiting around" for a suitable suggestion (merger partner), and that AUC had been proactive in approaching them with the right arguments and attitude. Overall, respondents said that both colleges recognised the clear benefits of the merger, with some slight differences, as discussed above.

Cultural features associated with the two institutions were barely referred to by the interviewees, somewhat surprisingly given the attention paid to the topic in the existing literature (Chap. 1, this volume). However one interviewee with a union background said: "*The culture at AUC was different than at OUC*". The main cultural difference identified was that AUC had not experienced the same degree of *academic drift* (Kyvik 2007) or academisation as OUC. None of the interviewees reported extended degrees of collaboration, thus the impression one gets is that there was 'limited cooperation' between the two institutions prior to the formal merger. Once again, surprisingly, it appears that the actors across the two institutions knew rather little about one another. Interviewees alluded to the fact that the leadership structures at both institutions had similar goals with the merger, and that, at this level, there was agreement on a shared vision for a future joint institution whose profile would be centred on the professions. That said, the majority of accounts suggest that the overall plan or future goal of becoming a fully-fledged university was primarily driven by OUC, with AUC merely joining in the predeveloped strategic plan or 'joint vision'. Overall, actors linked to OUC were found to be more keen to become a fully-fledged university (i.e. emphasis on research activities and the teaching-research nexus) when compared to their academic and administrative counterparts at AUC. In the words of one interviewee linked to OUC: "*How could OUC become a fully fledged university in the simplest possible manner*?"

One aspect of relevance is that the merger process was closely covered by the local media, with some coverage from the national media as well. Certain individuals were especially critical of the merger, and used the media to express their opinions. There was even a resistance group which highlighted all the negative aspects of the merger. For example, lack of democracy in the decision making leading to the merger was criticised. Resistance against the merger was particularly strong at OUC. The arguments used were, amongst others, that it would prevent OUC from becoming a university due to the relatively low research profile of AUC staff. Support for the merger also existed, but supporters were much less visible or vocal than those arguing against it. Generally speaking, AUC staff was more positive towards the decision to merge.

One of the basic foundations for the merger to work was the principle that the two colleges were to be considered 'equals' at the onset. Notwithstanding this, the data show some tensions when it comes to the power asymmetries between the two institutions, with OUC implicitly having a more dominant position given its larger size and legitimacy/status within the sector. According to a central actor at the level of AUC's board, AUC was not afraid of being "eaten up" by OUC since the alternative they would be facing – "survival on their own" – was even worse. From other accounts, from both institutions, several interviewees were under the impression that OUC never wanted AUC. Some academics associated with the former OUC pointed to the fact that, in essence, the merger was driven by a "social" or "rescue" mission, similarly to the Uppsala-Gotland case (Chap. 9 of this volume). This view, however, was not emphasised at all from the side of AUC, whose members were more committed to the joint vision of an institution with a strong professional orientation. Some interviewees from AUC did not experience the sense of equivalence which was explicitly expressed in the intention agreement signed by the two parties, in addition to the 'One region–two colleges' report alluded to earlier (OAUC 2008). Finally, there were some who suggested that the two institutions were never on equal terms, and therefore could not use 'equality' as a starting point. Notwithstanding this, it is worth stressing that many respondents from the former OUC were keenly aware of the danger of acting like "a big brother" towards AUC (which, according to them, they avoided doing).

6.5.4 Leadership and Communication

The majority of interviewees reported that the leadership structures associated with the old colleges performed rather well as regards communicating, both internally and externally. However some interviewees believed that the central administration did not always listen to dissenting internal views, despite the fact that in their view, on the whole, the central leadership conducted the entire process in a rather professional matter. Once again, the critical issue of *size* came to the fore. According to an interviewee involved with one of the unions:

> *Formal leaders will always want a larger organisation. The bigger their organisations are, the more powerful they* [*leaders*] *are as well*!

Regarding the nature of communication between the leadership structures and staff, an individual linked to the former OUC commented:

> *It* [*discussions*] *was not a particularly good climate, but it was professional. She* [*Rector*] *was never enemy with some of them* [*critics*] *and it was not hard to disagree* […] *They* [*employees who disagree with the merger*] *had opportunities to present their arguments, but they were not heard.*

Other prominent issues were the role of the central administration in creating "a sense of urgency" and the need for adaptation to new environmental circumstances. Within the former AUC camp, some alluded to the charismatic nature of the Rector

as a key success factor in maintaining the momentum and "keeping the ball rolling". Within both OUC and AUC camps the majority of interviewees contended that the merger was driven from the "top-down", with some suggesting that this was the only feasible alternative. On the positive side, interviewees linked to the former AUC referred to the rather short and open lines of communication (power-distance) between employees and the central administration. The data further suggest that communication across the two organisations, in particular amongst those involved with the merger process (working group), was, generally speaking, fairly good. By this, it was meant that there had been open lines of communication and a climate of trust and mutual respect had permeated discussions.

An important feature highlighted in several interviews involving former OUC staff pertains to the fact that the senior leaders (i.e. Rectors and Vice Rectors) from both sides truly believed in this merger. They were mainly viewed by the others as "committed" and "dedicated". That said, one interviewee pointed out that this behaviour can either be perceived as "standing up for one's beliefs" or as "undemocratic and overrunning". The central leadership, especially at OUC, was criticised by the employees' union for not listening to critical voices during the process. All in all, the merger process was described by most as initiated and driven from the top. Interestingly, and against the backdrop that 'size does matter', the data suggest that it was much easier for AUC's rector to convince internal stakeholders about the need for change (merger), than for his counterpart at OUC. Finally, according to an academic from the former OUC: "*When clever moves* [*by the leadership*] *are about to be made*, *you do not receive information*, *as simple as that*"; thus, insinuating that some critical information regarding the merger had been held back from being publicly disclosed.

6.6 Discussion

According to the *instrumental-hierarchical perspective* presented earlier, the merger between OUC and AUC was driven by the fact that both colleges had 'problems' (now or in the near future) that required a 'solution' (Cohen et al. 1972). Both institutions faced a number of key challenges associated with the changing domestic higher education landscape, including fiercer competition for students, staff and funding. Whether these external challenges can be considered 'internal problems', is a matter of interpretation. Indisputably, they can be seen as the triggering factors for the merger process. A thorough prior assessment, by the project committee, of the external challenges and opportunities as well as internal strengths and weaknesses (known as a 'SWOT analysis'), reveals the attention paid to environmental screening and information processing (Birnbaum 1988; Hölttä and Karjalainen 1997). These aspects are intrinsically associated with rational decision making by the actors involved (cf. Allison and Zelikow 1999), most notably the leadership structures of both institutions. From the interview material, it also emerges that several members of the AUC's Board had thought about other possibilities, such as

merging with university colleges at Østfold and/or Hedmark, but that these opportunities came up short. Such a thought process has strong associations with a rational mind set characterised by a goal orientation and means-ends rationality (March and Olsen 2006), namely: where are we now? (situation assessment); where are we going? (future vision); and, how do we get there (means)? Finally, another example of the importance of the hierarchical perspective is visible in the way in which the central leadership structures at both colleges handled the entire process. As indicated in the case description, the two rectors decided to create a *steering committee*, which in turn was responsible for establishing a *project committee*. This shows the importance of the formalisation of norms, roles and responsibilities allocated on the basis of formal structure (Blau and Scott 2003; Ramirez and Christensen 2013), in addition to the legitimating function that such, so-called "representative" bodies, entail (Deephouse and Suchman 2008; Drori and Honig 2013).

That being said, how rationally did the actors involved actually behave? The data suggest that neither OUC nor AUC were at a stage where they had to make a radical change (although some interviewees felt that it was a critical time for AUC), with the final decision to merge taken in response to future (rather than current) challenges. There must have been challenging (and here we speculate) to outline a future merged college given that neither OUC nor AUC had been part of a merger process previously. Certainly, actors could look to other similar cases, such as the merger in the city of Tromsø (Arbo and Bull 2016, this volume). However, the so-called "lessons learnt" from that merger case could not be systematically transferred to the merger between OUC and AUC for two main reasons. First, due to timing, since the outcome of mergers tends to take considerable time to realise (Pinheiro et al. 2016, this volume), Second, due to the fact that contextual dimensions do matter, with each merger being unique in its own right (Locke 2007; Pinheiro and Stensaker 2014; also Part III of this volume). Despite the various options being considered (and rejected) and the number of assessments carried out prior to the decision to merge, the final outcome would be impossible to predict with accuracy since it depends on many other (internal and external) factors, for example; sector-wide dynamics, the selection of a new leadership group, changes in the regulatory framework, etc.

Thus, seen from the *instrumental-hierarchical perspective* (Christensen et al. 2007, pp. 20–36), the rationale for merging OUC and AUC was largely to do with the best interests of both parties. The hierarchical perspective suggests that, in such situations, actors (i.e. formal leaders) attempt to calculate, rationally, the outcomes of a decision-making process so as to make the right choice; aligned with March and Olsen's (2006b) 'logic of consequences'. Considering the various studies (situation assessments) that were undertaken in advance, in tandem with the fact that the colleges shared a common desire to become bigger and more influential, this perspective seems to provide (at least in part) an explanation for *why* actors involved with the merger process behaved in the way they did.

This, however, is only part of the story. Institutional scholars have long argued, and empirically demonstrated, that decisions are shaped by factors that are beyond actors' control (intentionality), for example, cognitive awareness regarding

alternative courses of action (March and Olsen 1979; Simon 1991). From an *institutional-cultural* point of view (Christensen et al. 2007, pp. 37–56), a major change, such as the decision to merge with another organisation, can, alternatively, be viewed as part and parcel of a more gradual evolutionary or 'natural' process (see Scott 2003) where the outcomes are determined *less* by the intentions of key actors and *more* by path-dependencies (historical trajectories) on the one hand (Krücken 2003; Suddaby et al. 2013) and taken-for-granted, i.e. deeply institutionalised, norms, values and belief systems on the other (Tolbert and Zucker 1983; Zucker 1988; Olsen 2007).

The contention, by many interviewees, that a merger project involving a number of key players within the Oslo region – with the aim of creating a larger organisation – has been part of the *zeitgeist* ever since the merger reform in 1994, suggests that the recent merger between OUC and AUC was, in part, shaped by institutional-cultural dimensions. What is more, the "logic of action" associated with the institutional-cultural perspective points to the fact that the decision making process surrounding the merger between OUC and AUC was characterised *not* by means-ends rationality but, instead, by a situation where cultural (highly legitimated) rules and behaviours were matched to emerging circumstances substantiated in the form of a 'logic of appropriateness' (March and Olsen 2006). As demonstrated earlier, and according to the majority of interviewees, the merger was "the right thing to do" partly because the organisations in question shared a number of key characteristics (cultural match), thus showing clear indications of the importance attributed to the institutional-cultural perspective referred to by Christensen and colleagues (2007). In addition, a number of interviewees drew attention to the non-economic benefits associated with the merger, which is yet another indication of the prevalence of cultural-cognitive dimensions, like organisational identity (cf. Fumasoli et al. 2015), in processes of change and adaptation within (Norwegian) higher education (Pinheiro 2013; Stensaker 2015).

Evidence of the constraints imposed by cultural dimensions (cf. Zucker 1991) has also been identified. This was, for example, manifested in the various negative comments, mostly from the academic staff, towards: (a) the way in which the merger process was undertaken ('top-down'); and, (b) the final decision to merge as a perceived threat to established norms, values, traditions and identities (cultural persistence). A so-called "clash of value systems" or "logics" (Berg and Pinheiro forthcoming) also played an important role. For the most part, those associated with OUC subscribed to an *organisational archetype* (Greenwood and Hinings 1993) or *stylised university model* (Pinheiro et al. 2012) more closely associated with the classic, 'research-intensive university', whereas actors linked to AUC were keener to adapt the more 'vocationally-oriented' and 'locally-embedded' model associated with the traditional (regional) university college (Kintzer 1974; Kyvik 2009).

Finally, a third perspective – focusing on *rationalised myths* (Meyer and Rowan 1991; Christensen et al. 2007) – is necessary to fully grasp the decision making processes surrounding the merger between OUC and AUC. A key element of the latter perspective is that actors have a tendency to act – sometimes symbolically and not always rationally – in accordance with what is perceived as reasonable and

acceptable in the context of the *organisational fields* (DiMaggio 1991) or external environments of which they are an integral part. Fashion following (Birnbaum 2000; Sahlin and Wedlin 2008) is important here, with laggards looking at the ways in which leading organisations within their respective fields solve emerging problems (Ramirez et al. forthcoming). Following this line of thought, and when faced with increasing uncertainty about the future, the actors directly involved with the merger process between OUC and AUC looked at their immediate environment for clues (solutions) as to what to do. Thus, the fact that, as an organisational *recipe* (Pinheiro and Stensaker 2014), mergers were becoming rather prevalent both in Norway (with the case of Tromsø used as an example or template) and throughout the Nordic region (Pinheiro et al. 2013; this volume), facilitated the final decision to merge. The concept of 'garbage can' decision making (Cohen et al. 1972) is of relevance here, where, as a hegemonic idea or recipe, the merger could be interpreted as a 'ready-made solution' seeking a problem to solve rather than the other way around. Finally, the willingness of central leadership structures to create a "successful template" or *blueprint* that could be used as a reference for others within the field or sector, is yet another indication of the importance attributed to aspects associated with the *myth perspective* (Christensen et al. 2007, pp. 57–78) in unravelling the complex and often contradictory processes of adaptation and change in contemporary higher education, both in the Nordic countries (Pinheiro et al. 2014) and beyond (cf. Vukasovic et al. 2012).

6.7 Conclusion and Implications

The merger between OUC and AUC took place against the backdrop of considerable change in the domestic higher education landscape in Norway. The merger participants or social actors demonstrated a considerable degree of knowledge regarding the changes and future challenges facing the system. Some believed the merger was overdue or had been long coming, while others were more sceptical about the possible effects of drastic organisational change, particularly within a context characterised by the absence of an internal crisis.

The core findings of the study show that actors' behaviours were shaped by a combination of instrumental and institutional perspectives, which, in part, could be associated with the different phases or stages of the merger process. That said, significant variations in postures and logics were detected. For example, some participants felt ignored and perceived the decision process as driven from the top and being rather undemocratic, thus clashing against the traditional notion of *collegiality* (Tapper and Palfreyman 2010) – despite the fact the university colleges have, traditionally, been more top-down ("strong management") than universities (Kyvik 2002). In addition to hierarchical dimensions, aspects pertaining to the importance of local values and identities as well as environmental influences were also detected. All in all, this confirms the existing literature on mergers (Pinheiro et al. 2016, this volume; Pinheiro et al. forthcoming) suggesting that such processes are laden with

both conflict and ambiguity. What is more, this study provides further empirical evidence of the importance of 'soft' organisational dimensions like culture and values, aspects that are often under-estimated by the merger architects.

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Chapter 7
Mergers in the North: The Making of the Arctic University of Norway

Peter Arbo and Tove Bull

7.1 Introduction

Like all modern organizations, higher education institutions have three basic characteristics (Aldrich 1999; Schreyögg 2003). First, they are goal-directed. They have a defined purpose and mission that guide their activities. Second, they maintain an organizational boundary. A line of demarcation is drawn, indicating who and what belong to the organization. Third, they are formalized activity systems, based on a division of labour. The formal structure specifies positions, rights and duties, and the relevant sets of interdependent role behaviours. Mergers in higher education affect all these three aspects. When previously separate entities merge, goals are questioned and reformulated, boundaries are redrawn, and formal structures are altered. Identities and affiliations are at stake. This makes mergers challenging. The processes can be more or less conflict-ridden, and the outcome and effects can be more or less successful, depending on a number of factors.

Previous research has identified several conditions that seem to affect the fate of higher education mergers (Eastman and Lang 2001; Harman and Harman 2003; Skodvin 1999). One aspect is how the merger originated (voluntarily or involuntarily; initiated by the institutions themselves or mandated by government). Another is the institutional characteristics (institutions of the same or different size; similar or complementary academic profile; single sector or cross-sector merger; two or more partners involved; co-located or geographically dispersed activities). A third is

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how the merger was prepared and carried out (articulated vision or no clear goals; top-down or broad involvement; full or stepwise integration; unitary or federal structure). A fourth aspect is the degree of external support (resistance or backing from key stakeholders; additional funding made available or not).

While all these aspects seem to be highly relevant, we still know little about how the different factors actually interact and influence specific merger initiatives. Other factors may be important as well. Moreover, it is difficult to make cost-benefit analyses of mergers. Mergers always entail disruptions and short-term restructuring costs while the benefits may be more long-term and harder to measure. The main purpose of a merger is normally to enable something that the institutions could not achieve individually, but the motives and objectives can be highly mixed, and they can change during the process. It is also difficult to define when a merger is completed and to pinpoint exactly what changes that can be attributed to the merger, as we never know the counterfactual situation – what would have happened if the merger had not occurred.

The aim of this chapter is to add to the understanding of the merger phenomenon with a case study of the mergers that have taken place in the northernmost part of Norway. The University of Tromsø is the only Norwegian university that has been involved in two mergers – first with the Tromsø University College in 2009 and subsequently with the Finnmark University College in 2013. The Tromsø case is also special in that the two merger projects are the only recent Norwegian mergers that have involved different categories of higher education institutions.

The present chapter is organized as follows: First, we outline the merger history and the debates about where to draw the boundaries of the University of Tromsø. Next, we focus on what has been achieved so far through the mergers. We then compare the two merger projects in 2009 and 2013. Finally, we discuss the main lessons of the mergers.

7.2 Data and Method

The chapter is based on a review of all relevant decision documents submitted to the University Board in Tromsø. The Norwegian Database for Statistics on Higher Education (DBH) has also been used. Furthermore, it draws on a number of interviews with current and former staff of the University of Tromsø, Tromsø University College, and Finnmark University College.[1] In total, we carried out 20 interviews with individual informants and 3 focus group interviews with 18 participants. In the selection of informants, we sought to include academic and administrative staff at

[1] It should be noted that the two authors of this chapter have been active participants in the merger processes. Tove Bull was the Rector of the University of Tromsø from 1996 to 2001, and a member of the Board of Finnmark University College from 2003 to 2007, while Peter Arbo was a member of the University Board from 2005 to 2008 and also a member of the Stjernø Committee.

different organizational levels who have either been involved in or affected by the merger processes. The interviews took place between March and October 2014, which means that the interviews with the former employees of the Tromsø University College were conducted 4–5 years after the merger, while those with the former employees of the Finnmark University College were carried out more or less simultaneously with the implementation of the merger. This time factor, of course, might have influenced the interviewees' responses.

7.3 Mergers on the Agenda

The question of what the University of Tromsø was to include was discussed already during the university's inception, and since then, the issue has emerged repeatedly. Hence, the two mergers in 2009 and 2013 have a long pre-history.

7.3.1 The Early Stage

The University of Tromsø, which was renamed in 2013 as the *University of Tromsø – The Arctic University of Norway*,[2] was established by the Norwegian Parliament in 1968. The establishment of a new university was controversial. The main arguments in favour was the low level of education among the population in the northern part of Norway, compared to the rest of the country, and the corresponding lack of highly skilled labour in the region. By establishing a university, more young people from the region would be able to attend higher education, and the supply of doctors, teachers, planners and other groups of professional personnel would be improved. Thus, from the very beginning, the university was justified on regional policy grounds. Its ultimate task was to contribute to the general development of Northern Norway, which at that time was regarded as the most backward and underdeveloped part of Norway.

In 1968, Tromsø was a small town with approximately 32,000 inhabitants. The town had a museum, a geophysical observatory, and an experimental agricultural institution. Tromsø also had a teacher training college. In addition, there was a somatic hospital and a psychiatric hospital.

During the preparatory work that preceded the Parliamentary resolution in 1968, it was emphasized that the University had to be based on the already existing institutions in Tromsø (Fulsås 1993: 122; Hjort 1976: 146–149). Which of the existing institutions to integrate was discussed both by the main preparatory committee (the Ruud Committee) and by the interim board of the university (Fulsås 1993: 41, 187–190). These discussions resulted in the inclusion of the museum and the observatory,

[2] Usually abbreviated to UiT The Arctic University of Norway.

but not the teacher training college. The hospitals were affiliated with the new medical school. In light of this, we may argue that the first mergers actually happened at the time of the establishment of the university. New boundaries were drawn, and existing institutions were either associated with or incorporated into the formal structure of the university.

7.3.2 Maintaining a Binary System?

The establishment of the University of Tromsø marked an important step towards decentralization and the geographical spread of higher education in Norway. This was a general trend in the higher education system during the 1960s and 1970s. First, a system of regional university colleges was set up throughout the country. Second, already existing vocational training institutions, such as engineering schools, teacher-training colleges, music conservatories, and nursing and other health related schools were upgraded and defined as tertiary level institutions. This significant expansion of the higher education system led to a rapid increase in the number of institutions and an upsurge in the number of students. In the early 1990s, there were more than 100 higher education institutions in Norway, of which 4 were traditional universities (the universities in Oslo, Bergen, Trondheim, and Tromsø).

The Minister of higher education and research from 1990 to 1995, Gudmund Hernes, initiated an extensive reform of the higher education system outside of the universities (cf. NOU 1988: 28 and St.meld. nr. 40 (1990–91)). The reform merged the institutions into 28 larger university colleges. This was met with considerable resistance within the sector, but the restructuring was imposed in 1994.

In Northern Norway, the 1994 reform led to the establishment of seven university colleges, most of them based on already existing institutions. In 1991, while the Hernes reform was under preparation, the four separate institutions in Tromsø, which later would form the Tromsø University College, asked for a meeting with the University of Tromsø. The four institutions – an engineering college, the teacher training college, the music conservatory, and a previous amalgamation of different educational institutions in the field of health – felt they were too heterogeneous to obtain any advantages by a merger. Instead, all four preferred to merge with the University.

The University responded in a positive way and agreed to start a process towards a potential merger. The Minister, however, saw this as an unwanted deviation from the idea of a binary system and the uniform national model that he envisaged. Hence, the Tromsø University College was established alongside the other university colleges in 1994. In Tromsø, however, the four merging partners all signed separate agreements with the University on an extensive scholarly and administrative cooperation. The documents clearly stated that the ultimate goal was that the signing partners should be integrated into one single institution within a period of 10 years (see *Venner for livet*, pp. 26–30).

7.3.3 *Friends for Life*

The agreements were not followed up in the first years after the establishment of the Tromsø University College, as efforts were concentrated on creating the new combined institution. But in early 1999, the two Rectors – Tove Bull and Lisbeth Ytreberg, met to discuss the opportunities for developing a closer relationship between the two institutions. The subsequent discussions between the management teams were based on the old institutional agreements that aimed at a merger within 10 years. A joint committee was appointed to investigate the issue and deliver its recommendations. The committee, headed by Professor of history Einar Niemi, submitted its report in September 2000. The title of the report was "Friends for life" (*Venner for livet*). The report contained a detailed discussion of different ways to organize the relationship between the two institutions. The committee recommended a full merger.

The report was subject to lengthy discussions in both institutions. Besides an ordinary hearing, the report was discussed in the decision-making bodies at all levels. A joint seminar for the board members of the two institutions was also arranged. Moreover, each of the two boards had the merger issue on the agenda several times.

The main arguments in favour of a merger were the following: It was pointed out that the traditional division of labour between universities and university colleges was about to disappear. In effect, the higher education system was no longer a binary system. From 1995, the same law applied to all higher education institutions in Norway, specifying that all institutions were to offer research-based education and teaching. The introduction in 1993 of the system of personal career promotion based on competence, and the joint position structure for teaching and research staff in universities and university colleges, which was introduced in 1995, helped to blur the boundaries. The report from the Mjøs Committee (NOU 2000: 14) and the ensuing White Paper (St.meld. nr. 27 (2000–2001)) pointed in the same direction. The next steps would be the implementation of a new funding system, a uniform degree system, and an accreditation system, which made it possible for university colleges to apply for university status. Over the past years, many university colleges had increased their research activities and established new master's and doctoral degrees. The same development was evident internationally. Generally, there was a growing competition among higher education institutions, and more performance-based funding would increase the competition. In light of this, the conclusion was that the two Tromsø institutions, which partly complemented each other and partly had overlapping study programmes, should merge. A merger would entail a larger and stronger institution, better equipped to meet future challenges.

However, sceptical views were also conveyed. At the University, those who were critical of a merger stressed that the academic level among the staff of the college was much lower than at the university. They feared that this gap would undermine the research base of the university. A merger would imply that the university risked losing reputation as a research institution. Similarly, teachers at the Tromsø University College argued against a potential "academization" of the professional

programmes at bachelor's level. They feared that the college staff would be regarded as inferior within the context of the University, and that their study programmes would lose their vocational orientation and previous close contact with the fields of practice.

In spite of internal opposition, the University Board in late 2001 decided to continue the process and to review the consequences of a merger, both financially and in terms of research. Simultaneously, the Board unanimously decided that a merger would take place.

7.3.4 The Northern Lights Alliance

In 2002, the University Director initiated a dialogue with the university college in order to prepare for the merger. Questions about research were salient points in the discussion. A new Rector – Jarle Aarbakke – was in place, and he was sceptical of the merger, even though he had been a member of the former University Board and at that time supported the adopted decisions. He came from the Faculty of Medicine, which did not welcome a merger, but the expressed reason for the increasing reluctance was the major national higher education reform that was under preparation (*Kvalitetsreformen*). The reform introduced the Bologna three-cycle system, the European Transfer and Accumulation system (ECTS), and a Norwegian agency for accreditation and quality assurance in education (NOKUT). The reform would not have any direct impact on the merger, but both institutions made it clear that they would hardly have the capacity to implement the merger while preparing for this comprehensive reform. Hence, the new University Board in June 2002 decided that the further process would be based on a letter of intent, in which the two sides committed themselves to a gradual strengthening of the academic and administrative cooperation before any merger could take place. With this decision, the merger issue was postponed to an indefinite future date.

In February 2003, the two institutions signed an agreement on collaboration. However, in a memo to the University Board of February 2005, it was bluntly stated that next to nothing had come out of this agreement. The same memo stressed that the higher education landscape had changed substantially since the first plans of merging the two Tromsø institutions were formulated in 1999. For several of the Tromsø actors, the ultimate goal was not a local merger but the creation of the University of Northern Norway, an umbrella organization encompassing all higher education institutions in the region. This idea was not new. The University of Tromsø had always regarded itself as *the* university of Northern Norway, and since the first ideas of including other higher education institutions came up, the overall regional model was kept alive. The two Rectors, Tove Bull and Jarle Aarbakke, among others, were proponents of such a model.

A more comprehensive regional collaboration was also discussed in the Council for higher education in Northern Norway (*Råd for høgre utdanning i Nord-Norge*). This is a joint forum, established in 1977, where the heads of the academic

institutions of the region meet regularly. After the Tromsø institutions had launched their merger plan the council initiated several studies of the transformations in the Norwegian system of higher education, demographic trends in the north, and future challenges for the region's institutions (cf. Lie and Angell 2002; Trondal and Stensaker 2001). Finnmark University College indicated that they might be interested in being included in a potential merger between the Tromsø institutions. Bodø University College, however, had other plans. Their ambition was to become an independent university on their own, and they were clearly against the idea of joining a potential University of Northern Norway.

Nonetheless, all the higher education institutions in the region declared their interest in closer cooperation. At a council meeting in 2005, it was decided that a report on the future organizational structure of higher education in the region was needed. The task was given to the then Rector of Nesna University College, Helge O. Larsen, who called his report *Universitas Borealis*? (Larsen 2006). The report outlined four scenarios for the development of higher education in the region, focusing on four dimensions – geography, type of institution, organisational structure, and strategies. The scenarios were: (1) status quo, (2) full integration of all individual institutions into one Northern Norwegian higher education institution, (3) a division into two regions with one institution in each, and (4) a more diverse clustering of institutions following various territorial lines. Based on this report, the institutions agreed to form the Northern Lights Alliance (*Nordlysalliansen*).

7.4 The Merger Processes

The Northern Lights Alliance never brought any practical results. One reason was the increasing tensions between Tromsø and Bodø as the Bodø University College intensified its efforts to become a university. Another was that the merger process in Tromsø now gained new momentum.

7.4.1 The Merger of the University of Tromsø and the Tromsø University College

In 2005, a new University Board was elected in Tromsø, and the Rector was re-elected. Both in the previous Board and in the new Board there were members who strongly supported the idea of merging the two Tromsø institutions, so a reluctant administration was under continuous pressure. The new Board clearly wanted a merger to take place, and Rector Aarbakke also found that the time was ripe for such a move. A joint board meeting in March 2006 decided to restart the process. One month later, a work schedule for the project was fixed. Thus, from 2006, it seemed clear that a merger between the university and the university college would be realized in the near future.

To coordinate the project, a steering group with members from the two boards was appointed. This group actually served as an interim board. A merger secretariat was also established. The project included a thorough review of all aspects of the two institutions. Several joint working groups were appointed to prepare the comprehensive changes that had to be made. All proposals were discussed among staff and students, and the merger project also set up a website where all relevant information was posted, including an open forum for discussions relating to the merger.

The election of a new Rector at the Tromsø University College in February 2007 could have terminated the process. Ulf Christensen, who had been rector since 2000, was then challenged by a rival candidate who opposed the merger. Christensen won by a narrow margin, and finally, in October 2007, decisions to apply to the Ministry for a merger of the two institutions were passed by the boards. The date for the merger to come into effect was set to 1 January 2009. After that, the process proceeded according to plan, and from 2009 there was only one higher education institution in Tromsø, the University of Tromsø.

7.4.2 An Interlude with New Stakeholders

With the merger in place, the other institutions in the region faced a new situation. Not surprisingly, several of them began to consider whether they should follow suit. In September 2009, the Harstad University College and the Finnmark University College approached the University of Tromsø to discuss a further merger. In Finnmark, this step was taken at a board meeting where the matter was not on the agenda. It was more or less a panic reaction.

The University Board authorized the Rector and the University Director to start negotiations with the potential partners. Some preparatory work was done. However, in spring 2010, the University Board concluded that there was no basis for another merger as the three institutions had too diverse expectations regarding the outcome. Nevertheless, new collaboration agreements were signed.

7.4.3 Finnmark University College Tries Again

In spring 2011, the Finnmark University College elected a new rectorate and a new board. Two candidates ran for the position as Rector. One of them, Sveinung Eikeland, presented a programme for the next 4 years in which he strongly advocated a merger with the University of Tromsø. The election gave an overwhelming victory for Eikeland. Thus, the die was cast. The new rectorate was in place from 1 August 2011, and shortly after that the Rector and the Director had a meeting with the Rector and the Director of the University of Tromsø. They soon agreed that the best way to cooperate would be through a merger. So even though there were several critical voices at the University of Tromsø, the Finnmark University College and in

the county of Finnmark more generally, there was no going back for the leaderships of the two institutions. The top-level dialogue continued, and a joint political platform was crafted.

This platform, which was the subject of many rounds of negotiation, outlined the challenges that the higher education institutions in the north were facing and stated that a larger organization would be better placed to meet these challenges. It defined the objectives of the new university and identified new opportunities that the merger would provide. It established that the university would have five campuses, in Tromsø, Bardufoss,[3] Alta, Hammerfest, and Kirkenes, which at the very least would operate at the same level as before. The organizational structure and the system of governance and management were also clarified. The new university would have a Vice Rector for regional development, located in Alta.

Based on this platform, the Boards of the two institutions in October 2012 decided to prepare a merger application to the Ministry. A steering committee composed of members of the two Boards was appointed. The further discussions dealt primarily with the obligations that the University had to take on in Finnmark; how to elect board members at faculty and institutional level; how to finance new strategic priorities, and the future name of the new institution. The Finnmark University College could not accept the University of Tromsø being kept as the name of the institution. They pointed out that the name had to reflect the University's new geographical scope. In the end, the Ministry solved the issue by proposing the new university be called the University of Tromsø – The Arctic University of Norway. Both institutions accepted this name.

In March 2013, the Ministry approved the merger, which came into effect from 1 August 2013.

7.5 The Results of the Mergers

What have the mergers led to? As the last merger took place less than 2 years ago, it is hard to assess the full range of effects. So far, the university has not initiated any evaluation of the mergers. However, some changes are noticeable, particularly in the organizational structure, the system of governance and management, and the portfolio of study programmes. The most obvious outcome is a new, integrated institution with five campuses located in widely different places. As per autumn 2014, the university had 12,200 students and 2,900 employees, including doctoral fellows. The bulk of the students and employees are located in Tromsø.

As before, the University has a unitary structure with an elected rector team and a University Board on the top, but unlike before, the University Board now appoints the Deans of the faculties, and the faculties appoint the Department leaders (as opposed to these being elected as earlier). These changes took place in conjunction

[3] The University of Tromsø started its commercial pilot education in 2008, and the bachelor's degree programme in Aviation is run at Bardufoss.

with the first merger between the University of Tromsø and the Tromsø University College. Thus, academic self-governance has been weakened, and there is a stronger element of managerialism. The University is currently organized into seven faculties.

When the Finnmark University College joined, the college departments that had their counterparts within the existing university were integrated into the relevant departments and faculties, while the rest made up the Finnmark Faculty. This faculty now comprises study programmes in social care, sports and physical education, tourism and Northern studies, and media studies. Overall, the University today offers a great diversity of study programmes, ranging from professional education to more traditional academic subjects, and the study programmes are more consistently organized from Bachelor and up to PhD level. The only faculty that has not been directly involved in any of the mergers is the Faculty of Law.

Universities are specialist organizations where the professionals enjoy a considerable degree of autonomy. Consequently, the core activities are largely unchanged. The staff conduct their teaching and research as they did before the mergers. However, many employees have become members of new organizational units, there have been major revisions of study programmes and curricula, and new routines and administrative systems have been introduced. There are clear elements of institutional renewal. The mergers have, among other things, enabled the introduction of a 5-year integrated teacher education, where UiT The Arctic University of Norway has been a national pioneer. Another initiative has been the establishment of a separate business school, made possible by the combination of the former institutions' study programmes in business administration and economics. A third innovation is the creation of a cross professional course in cooperative learning for all students in the field of medicine and health. In order to facilitate cooperation between the University and the University hospital, new combined positions have been established in all health sciences, and Finnmark is now included in the medical education. The University has also set up a new centre for student careers, skills, and collaboration with business and industry.

Based on our interviews, it seems that the mergers are widely regarded as successful. The University has benefited from the strong teaching traditions of the University Colleges and their links to regional working life, while the University Colleges have benefited from becoming part of a larger research environment. After the mergers, the University has allocated resources to raise the level of competence among former college lecturers. Research groups have been established in all faculties.

Nevertheless, there are critical voices, particularly heard from the former Finnmark University College, where the merger is still being implemented. The greatest dissatisfaction is related to the support functions and administrative services of the University, particularly the IT systems, the procurement procedures, and student admission. The introduction of joint administrative systems takes time, and the effects of the merger are probably most tangible in these fields. During our interviews in Alta and Hammerfest, many staff complained and said that "we have been through a merger, in Tromsø they haven't". Seen from the point of view of the

former university colleges, UiT The Arctic University of Norway is a much larger and more bureaucratic organization. Decisions have been centralized in Tromsø, and flexibility has been reduced at the local level.

In 2008, before the mergers, the University of Tromsø had 5,500 students. Since then, the number has increased rapidly and well beyond the added number of students brought in by the mergers. Between 2009 and 2014, the share of students coming from Northern Norway has decreased,[4] and the merged institutions have seen a much stronger increase in the number of foreign students than the universities in Oslo, Bergen and Trondheim. This indicates that the new institution is perceived as attractive among potential applicants. Similarly, the management of the old Finnmark University College claims that it has become easier to recruit well-qualified personnel after the college obtained university status. In terms of scientific publications per staff in teaching and research positions, the University of Tromsø has always ranked lower than the universities in Oslo, Bergen and Trondheim. The same holds after the mergers. University college staff has traditionally had less time for doing research, and over the past years, the UiT The Arctic University of Norway has lagged slightly more behind. Hence, measured in this way, the University may be said to have lost academic credence. However, the average publication points are higher today than before the mergers, and the number of scientific publications has increased rapidly in several departments where the staff mainly comes from the former university colleges, such as the Department of Education. Moreover, the University has been able to increase its external funding. During the past few years, it has been awarded several Norwegian Centres of Excellence (SFF) as well as Centres for Research-based Innovation (SFI).

7.6 A Comparison of the Two Mergers

In this section, we will compare the two mergers in terms of motives, preparation, implementation and external support.

7.6.1 Background

There have been a number of merger initiatives in higher education in Norway over the past 10 years (Kyvik and Stensaker 2013). The major motivating factors behind the initiatives have been the increasing competition for students, staff, and research resources; the attempts to strengthen the quality of education and research, and the wish to become a university with the associated prestige and full self-accreditation rights. The higher education reforms initiated by the government in the period 2002–2005 created a "market for mergers" (Kyvik and Stensaker 2013). However,

[4] Still, more than two thirds of the students come from the region.

the majority of the merger initiatives have not ended up in a decision to merge. Why were the University of Tromsø and the two university colleges ready to take the step? We will draw attention to five reasons.

First, the institutions had corresponding missions and visions. Despite their different institutional characteristics, the development of Northern Norway was an essential aspect for all of them. Second, they faced similar challenges. Many young people tend to leave the region to study elsewhere. According to the population projections of Statistics Norway, the relevant age cohorts in the north will diminish in the future, and for the institutions, it was obvious that size matters. Instead of competing for the same students, it would be better to join forces. Third, there was an increasing tendency among Norwegian university colleges to attempt to evolve into full-blown universities. This would be unattainable for the Tromsø University College and the Finnmark University College on their own, but by merging with the University of Tromsø they could move up the ladder. Fourth, the University of Tromsø was solidly established as a research institution, but not so old and venerable that it would rule out merging with university colleges and classify them as institutions below its own dignity. Fifth, the High North policy that the Norwegian government launched in 2005 made the development of the region a top priority. This created a new optimism and belief in bold regional initiatives. When the government in late 2005 set up a High North expert commission, Rector Jarle Aarbakke was appointed as its chair.

However, seen from the point of view of the university, the two mergers clearly differed. The first merger between the Tromsø institutions was mainly pragmatic and based on the idea of creating synergies through an integrated institution. The two institutions would supplement each other. In the second merger between the University of Tromsø and Finnmark University College, the creation of synergies was also an important element, but this merger was more about giving Finnmark and the University College a helping hand and to strengthen the presence of the University in the very northern part of Norway. Through the merger, the University demonstrated its political responsibility and confirmed the social contract upon which it once was established. Due to the vast geographical distances and the small youth cohorts in Finnmark, the University realized that this merger would be – at least in the short run – a costly project.

7.6.2 Preparations

In the preparatory stage, the two mergers were both similar and different in several respects. One similarity was that the University of Tromsø occupied the driver's seat and set the pace all the way. The pivotal role of the University was partly a consequence of the ranking order of higher education institutions, and partly a matter of sheer size. In legal terms, both mergers were transfers of undertakings with the University as the acquiring institution. In this sense, the University incorporated its smaller partner institutions.

Another commonality was that both mergers were controversial. The students generally supported the mergers, without playing any active role, but among the staff, they caused concern, disagreement, criticism, and debate. The main arguments of the opponents of the mergers were largely the same ever since the "Friends for life" report was presented, emphasizing either the potential downgrading of academic research and excellence or, from the opposite point of view, the potential marginalization of professional programmes and regional engagement. In the last merger between the University of Tromsø and Finnmark University College, the geographical dimension also played a significant role. Would the University terminate activities in Finnmark and transfer them to Tromsø? Maintaining the campuses in Alta and Hammerfest, and expanding the new university's presence in Kirkenes, therefore became important issues. Hence, without the determination of the Rectors, the backing they received in their Boards, as well as the consent of key players within the institutions, there would have been no mergers.

At the same time, there are striking differences between the two processes. The merger between the two Tromsø institutions was a protracted process. It took exactly 10 years from the first discussions started between the two Rectors and until the merger had materialized. The merger process between the University of Tromsø and Finnmark University College started twice, but when the sails were set, everything went quickly and the merger was completed within less than 2 years.

The planning of the first merger was also a much more comprehensive and detailed process than the second one. The two institutions decided to leave no stone unturned. Eleven working groups with numerous subgroups were established. In all, almost 200 people took actively part in the preparations. Negotiations with the unions and employee representatives also took a lot of time. Agreements were signed on participation and codetermination and on the rights and duties of the employees in the restructuring process.

The merger between the University of Tromsø and Finnmark University College was in effect a take-over. From the outset, it was made clear that the systems and rules of the University would prevail. The whole process was much more top-down and driven by the heads of the institutions. There was no merger secretariat. Working groups were established this time as well, but they came into operation at a later stage of the process and were only active during the few months from the two Boards had given their approvals of the merger and until the merger was a fact.

There are four main reasons why the two mergers were so different. One is that the first merger paved the way and laid the ground for the second merger. A template was ready, and it was not considered necessary to have an equally extensive process the second time. Another was that the Finnmark University College was a relatively smaller institution. The asymmetry between the partners was greater. A third reason was that the two Rectors wanted to see the merger completed before the Tromsø Rector retired in the summer of 2013. The fourth reason was that the last merger was more politicised. The Finnmark University College demanded political warranties and assurances. The University Board approved the first merger unanimously, but the second merger was passed against the votes of the representatives of the university staff.

7.6.3 Implementation

The implementation of the mergers was entrusted to the new leaders at all levels of the university. The major organizational changes took place in the first merger. It was relatively easy to agree upon a three level structure, with a central level, a faculty level, and a department level. However, how many and what kind of faculties to establish was a much more difficult question. In the first merger, a preparatory working group suggested only three faculties, but strong resistance arose from many quarters of the two institutions, and the Boards finally decided on six faculties, highly variable in size and composition. This new faculty structure came into effect from 2009.

The merger between the University of Tromsø and Finnmark University College led to changes in the election procedures and the composition of the University Board, which was enlarged from 11 to 13 members, but there was no fundamental disagreement regarding the future organizational structure. Initially, the idea was to define the former Finnmark University College as a new, separate faculty. During the process, however, several of the college departments strongly advocated an inclusion in the corresponding faculties and departments in Tromsø. The end result was an integration of the overlapping programmes while the rest made up the Finnmark Faculty. The original campuses in Alta and Hammerfest were to be maintained. Moreover, the activity in Kirkenes would be recognised as constituting a separate campus there.

In both mergers, much work remained after the formal integration of the institutions. The work comprised the development of new study programmes and curricula, the establishment of research groups, and the introduction of new administrative systems, support functions, and routines. These tasks were followed up without major conflicts. Building a new, common culture and creating mutual respect was also given priority. No doubt, there were fewer challenges in the first than in the second merger, due to the geographical distances and the more premature character of the latter, but the University leadership has been visible and visited all campuses frequently, and at department level, joint workshops, seminars, and other social events have been arranged.

The implementation has run more or less smoothly in the different departments. The two mergers have been easiest in the fields of business and economics and in engineering, while the integration of teacher education and nursing has been more difficult. In the case of business and economics, the staff from the three institutions belonged to the same professional category with similar identity. The mergers made possible the establishment of a separate and profiled business school, which was highly welcomed. The same holds for the engineers, who got their own department and could expand their range of subjects due to the mergers. In teacher education, however, the amalgamation of the teacher training from the University Colleges and the University pedagogy studies was a more cumbersome task, and the development of the 5-year integrated teacher education, where other university disciplines also play an important role, made it even more demanding. Among the staff from the old

nursing school in Tromsø, many wanted a separate department for nursing, but they became part of a big, multi-professional Department of Health and Care Sciences, something that created discontent.

7.6.4 External Support

Both mergers attracted external interest. The first merger coincided with the presentation of the Stjernø Commission's report on the future structure of higher education in Norway (NOU 2008: 3), which proposed regional mergers of several institutions into larger universities. The merger in Tromsø was clearly in line with the main ideas of the national committee, and the committee supported the development in Tromsø as an example to follow.

In the first merger, local and regional authorities in Troms did not engage. This has been a typical feature ever since the University in Tromsø was established. From the outset, the University was a state driven project, and local and regional authorities have kept their distance. The second merger mobilised political authorities both at the local and regional level in Finnmark, and it got clearer support from the Ministry. Throughout the merger negotiations, focus was on the joint political platform. No such platform was formulated in the first merger, which only included a brief statement of visions and goals. The main issue in the discussions relating to the political platform was which concessions to accord to Finnmark. Here it should be noted that the Norwegian Act relating to universities and university colleges was amended in 2009. With the amendment, the county councils were given the right to appoint two of the four external board members of the university colleges. As a result, two prominent regional politicians had taken seat in the Board of Finnmark University College, and they played an active role in the negotiations. In Finnmark, the political platform was made subject to a hearing among the political authorities at local and regional level. Alta and Hammerfest municipalities expressed concern about a merger, and Finnmark County Council demanded a number of conditions to be fulfilled for the merger to take place. The general worry was that the county now would lose its own institution and that higher education in Finnmark would be steered from Tromsø.

The external mobilization affected the joint political platform. It is of great interest to study the modifications and revisions that were made. Most of them stemmed from the need to position the smaller institution against the larger one. The county of Finnmark, and notably the eastern part bordering Russia, with Kirkenes as the centre, got an increasingly prominent position throughout the three different versions of the platform. The University Director in Tromsø, though, characterized many of the Finnmark amendments to the platform as mere linguistic changes, probably to downplay substantial disagreements. When the merger was approved by the Ministry in March 2013, the Ministry granted the institutions 20 million NOK in order to facilitate the merger. In addition, the University got funding for the admission of 20 new students in Alta in the field of engineering.

7.7 The Lessons of the Mergers

Higher education institutions have been characterized as notoriously difficult to govern. They have been described as organized anarchies (Cohen and March 1974) and as loosely coupled systems (Weick 1976), where all decision-making processes are complex and messy. Decisions tend to be contested and subject to rounds of discussions. However, the fact that higher education institutions are able to merge shows that binding decisions can be made and that important changes can be brought about. Based on the Norwegian experience, it does not seem to make a big difference – at least not in the long run – whether the decisions are made by government or by the institutions themselves. After a few years, the mergers are generally accepted and taken for granted.

If the government wants mergers in higher education while the institutions are unwilling or unable to move, government decisions – or the potential threat of a decision – can be essential to prevent a stalemate. This was not the case in the two mergers discussed here, and indeed the first merger had little support from the Ministry. An interesting question is whether mergers initiated by the institutions themselves are more strongly embedded internally than mergers imposed from above. Certainly, there might be a difference, but mergers seldom emanate from the heartland of the institutions. Our two mergers were top-down initiatives, orchestrated by the leadership of the institutions, that is, the Rectors, their Boards, and the Faculty Deans. If the leaders are committed and the Rectors trust each other, it seems that a merger can be realized in spite of limited enthusiasm and support internally at the initial stage.

This means that the ambitions of the Rector and his or her position within the institution probably deserves more attention in connection with higher education mergers, as pointed out by Harman and Harman (2003: 40). Why, for instance, was the Rector of the University of Tromsø against a merger with Tromsø University College between 2002 and 2005, but changed his mind in 2006? It could be argued that the external circumstances had changed. Mergers in higher education and the High North had become issues on the political agenda. The new University Board was also more determined and eager to see a merger. However, another important factor was that the Rector had been re-elected for his second and last term. His position was more secure. Hence, he could embark on endeavours that were more controversial. Similarly, the fact that after the first merger all heads of faculties and departments were appointed from above, also made a difference. This partly explains why the second merger was carried out much faster and top-down. A more professional management had taken over, and the opponents of the merger had less opportunity to launch a campaign.

While leadership obviously plays a key role, institutional characteristics are vital, too. In both mergers the difference in size facilitated the mergers. The partners were not equal, even though it was stressed that the mergers would be between equal parties. The University had the upper hand and could take the lead. The other side of the coin is that some of the smaller departments, notably in Alta and Hammerfest, feel they have been overrun. Likewise, when more than two institutions negotiate,

the process becomes more complicated. Not surprisingly, when Harstad University College and Finnmark University College approached the University of Tromsø together, the merger attempt stranded. The fact that the mergers in the north involved different kinds of higher education institutions, created some obstacles. Both from the university and from the university colleges emphasis was placed on preserving the institutional distinctiveness. However, the different characteristics of the institutions also meant that the partners had complementary profiles. This made the mergers easier than if the institutions had been more similar. Furthermore, the experiences from the two mergers confirm that geography matters. When mergers extend across county borders, there can also be a meeting between different political cultures. Mergers can be more difficult to implement if local and regional authorities are keen to defend their own higher education institutions. Finally, the different processes at the department level demonstrate that professional identities and interests must be taken into account when new organizational boundaries are drawn. Dissimilar academic cultures and ambitions easily create tensions and conflicts.

Merger projects provide the opportunity to rethink institutional profiles, strategic priorities and organizational models (Pruisken 2012; Weber 2009). The mergers dealt with in this chapter have led to important reorganizations and several new initiatives. Nevertheless, it is not possible to claim that the mergers have been guided by a clear vision of creating a truly new institution. The ambition of the UiT The Arctic University of Norway is to perform cutting-edge research in some selected fields. It aims to be regionally anchored, internationally oriented and leading nationally within certain domains. According to the political platform signed between the University of Tromsø and Finnmark University College, the main objectives of the merger are to create a more robust, attractive and competitive institution and to promote the development of the region. Goals are general and vague. Typically, when the more detailed planning starts, the merger projects soon dissolve into a number of urgent and more practical tasks, left to other people than those who formulated the goals. Both mergers had a fixed time schedule with clear milestones, and in the second merger between the University of Tromsø and Finnmark University College, time was very short.

Hence, merger processes seem to face several challenges in addition to those frequently mentioned in the literature. One is to formulate visions and to be able to translate them into novel measures. Another is to strike the right balance between broad involvement and efficient implementation. When decisions have been made they must be final. A third is the choice between keeping the former institutions largely unchanged or aiming at new combinations and synergies.

In the end, the outcome of a merger will be the result of negotiations and a process of give and take, where the rights of the employees are an important element. At the same time, the power relations between the institutions and their constituencies will affect the compromises. In the two mergers discussed here, external stakeholders played no important role in the first merger, but they clearly influenced the second merger. The regional mobilization in Finnmark strengthened the bargaining position of the Finnmark University College, and the government support facilitated the process.

Even if all mergers entail compromises and a balance between the desired and the possible, we believe that some of the decisions made in the creation of UiT The Arctic University of Norway can be questioned. First, as the mergers included a university and two university colleges, it was quite natural that the focus was on education, the regional role of the university, and safe operation during the integration of the technical and administrative systems. Nevertheless, in our view, the strategic development of research could have been given higher priority. The mergers were not used as opportunities for rethinking the research activities and establishing new interdisciplinary or transdisciplinary research groups and centres across faculty boundaries. This is, however, central to the new strategic plan for the university 2014–2020.[5]

Second, the faculty structure is very unbalanced. In terms of staff and students, the Faculty of Health Sciences and the Faculty of Humanities, Social Sciences and Education are huge, while the Faculty of Fine Arts and the Finnmark Faculty are tiny. The organization is thus highly asymmetrical. The Faculty of Health Sciences, for instance, holds between 40 and 50 % of the votes for the election of Rector and Board members.

Third, geographical proximity makes it relatively easy to implement a unitary structure, but new challenges arise in a multi-campus institution. The handling of distant campuses seems to entail a difficult trade-off. On the one hand, it is important to integrate small professional groups into larger environments and to avoid that former institutions are entrenched in their old campuses. On the other hand, radical reorganizations may trigger greater resistance, and it is difficult to run a campus consisting of branches left uncoordinated at the campus level. In cases where a site management is introduced, the problem is to determine where to locate this management in the overall decision-making structure.

Fourth, the Working Environment Act and collective agreements give employees in Norway many rights. In the mergers, agreements were made with the unions to the effect that no one was to be dismissed, and no one would get a lower salary. Even though vacant positions have not automatically been filled up, this has made it difficult to achieve economies of scale, particularly in the administration. Of the four traditional universities in Norway, UiT The Arctic University of Norway has the highest share of administrative staff to total staff (27 %). A tricky question has also been how to staff the administrative positions of the new university. In the mergers, the organizational structure was outlined, but there was no detailed specification of tasks, qualification requirements or the division of labour between the organizational levels. Administrative staff was simply transferred to the most relevant units. Their rank was defined partly by seniority, and partly by putting an administrator from the University in a certain position, and then the next in rank would come from the University College. In this way, it was not always the best qualified who received the position. For the academic staff, the situation is different, given the fact that all positions per definition depend on formal qualifications.

[5] The strategic plan is available on http://en.uit.no/om/art?p_document_id=377752&dim=179033

Fifth, the conditions for doing research is a complicated issue. At the university, academic staff has normally more time for research than at the university colleges. After the mergers, more employees from the old colleges have got better opportunities for doing research. However, this also reduces available resources for teaching, and one effect of the mergers has been to increase the teaching load of many academics. The potential conflicts associated with a wider range of job categories and different working conditions of the staff within each university department is an issue that deserves careful consideration.

These points will probably become even more salient in the years ahead. The centre-right government elected in 2013 has embarked on a major restructuring of higher education in Norway. The aim is to increase the quality of research and education by creating larger and more robust institutions. All universities and university colleges have been asked to formulate their strategic ambitions, explain how they intend to reach their goals, and indicate with whom they prefer to merge. The Minister has made it clear that in Northern Norway, all university colleges except for the Saami university college in Kautokeino will disappear. UiT The Arctic University of Norway will include the university colleges in Narvik and Harstad, and the mergers will be implemented in 2016 (Meld. St. 18 (2014–2015)). Hence, the University is already involved in a new merger process, as it has been more or less continuously for the last 10 years. In the modern world, reform has become routine, according to Nils Brunsson (2009). For the universities, this seems to imply a state of flux and permanent reorganization.

7.8 Conclusion

When the University of Tromsø was established, the idea was to create a different kind of higher education institution. Unlike the older universities, the University of Tromsø should be regionally relevant, interdisciplinary and problem-oriented. In practice, the University soon resembled the other universities in many ways, but the merger history indicates that some of the old spirit has been kept alive. It has pioneered cross-sector mergers in higher education in Norway, and the University and its partners have demonstrated their willingness and ability to take ground-breaking initiatives on their own.

Mergers are organizational experiments. It is still early to draw definite conclusions regarding the two mergers that have taken place in Northern Norway. The outcome and effects will depend on how both staff and other stakeholders seize the new opportunities. No attempts have been made to stipulate the restructuring costs, but our study clearly shows that mergers are time-consuming and demand considerable resources. The new university has also become a more diverse and hybrid institution, which poses new challenges for management as well as staff and students.

At the same time, it is evident that universities and university colleges can benefit from mergers. The new university in Northern Norway offers a much broader and more coherent set of study programmes, and it is actively engaged in flexible and

decentralized education. In terms of research, the mergers have not brought the university higher on the ranking lists, but research has been strengthened in the professional fields without compromising research within the university's academic core. The structure of governance and organization has been altered, and the administrative systems have been professionalized. The new university has also become more present and profiled in the region, with stronger links to regional stakeholders, and the general attractiveness of the institution has increased. Overall, our conclusion is that resources are utilized in a better way within the merged institution.

The new university is based on the idea of combining academic excellence with regional relevance in a High North perspective. Boundaries have been redrawn. What previously was 'us' and 'them', is slowly becoming 'we'. The challenge now is to restart the whole process in order to integrate two more university colleges.

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Chapter 8
Mergers as Opportunities for Branding: The Making of the Linnaeus University

Lars Geschwind, Göran Melin, and Linda Wedlin

8.1 Introduction

As a consequence of more formal institutional autonomy (or at least reduction in the detail of government regulation), global competition and marketisation, higher education institutions (HEIs) are under mounting pressure to act strategically (Krücken and Meyer 2006; Ramirez 2010; Ramirez and Christensen 2013), e.g. by taking part in global competition for students, staff and financial resources (van Vught 2008). Krücken and Meyer (2006: 241) use the term "strategic actor", when describing today's HEIs: "an integrated goal-oriented entity that is deliberately choosing its own actions and thus can be held responsible for what it does".

Many observers of higher education have noticed that HEIs increasingly behave like private firms in global markets. The "corporate university", the "entrepreneurial university" and the "enterprise university" have become common ways to describe twenty-first century institutions (McNay 1995; Clark 1998; Marginson and Considine 2000). However, there is an important difference between firms and HEIs, as Swedish scholar Lars Engwall wrote some years ago (Engwall 2008). Whereas the goal of firms is to gain reputation in order to make more money, it is

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the other way around for HEIs. The main goal is to enhance reputation (van Vught 2008) and funding is a means to achieve that. The global "reputation race" is driven by excellence in teaching and research, which is constantly measured, assessed and reviewed by peers, funding bodies, agencies etc. often in interwoven constellations. The results are disseminated in the form of league tables, reports, rankings and other publicly available assessments (Hazelkorn 2007).

From a market perspective on higher education this information is important, for instance for students considering which institution to choose, in particular for study abroad. It also has consequences for the university managers. Some HEIs have identified a higher ranking as a clear and measurable objective, and focus their efforts accordingly. Many HEIs have launched initiatives to boost their performances, particularly in research. However, increasing pressure on academic performance is not the whole picture. Another line of strategic action is branding and communication activities, in which some HEIs have invested heavily (Stensaker 2007; Stensaker and d'Andrea 2007). In this chapter, we take a closer look at how a merger created a branding opportunity: the launch of a "new" university. A full-scale merger creates an opportunity to reconsider or even abandon the old brand and establish a new one. Internationally, the University of Manchester is an interesting reference point, as it signaled its high ambitions to become a "world class university" with Nobel laureates among its staff (Georghiou 2009). In a Nordic context, the foundation of the Aalto University has been the most recognised case so far. In both these cases, and in several others, branding has been a crucial part of the merger processes (Aula and Tienari 2011).

The aim of this chapter is to reach a deeper level of understanding of the meaning of branding in merger processes. Two research questions are addressed: Firstly, which viewpoints and considerations regarding a new university brand can be identified? Secondly, what are the short-term effects of the creation of a new brand? We have chosen a single case study design, which allows an in-depth study of the phenomenon. The chapter is based on documents and semi-structured interviews with academics and administrative staff at the Linnaeus University and with external stakeholders, in the early years after the merger (2010–2013). In a longitudinal study we followed three new departments which had been created as a result of the merger. Some of the interviewees were interviewed several times, whereas others were interviewed only once. The interviews were all conducted and transcribed in Swedish; all quotes are our own translations.[1]

8.2 Understanding Branding in Higher Education

Branding in higher education is not a new phenomenon, although sparingly studied (Slaughter and Leslie 1997; Hemsley-Brown and Oplatka 2006; Stensaker 2007). A brand can be defined as a unique visual representation that captures the essence or

[1] Two of the researchers were involved in this longitudinal study. The findings have earlier been reported in Geschwind and Melin (2011) and Melin (2013).

character of an organisation and/or product (Drori et al. 2013). The HEI sector is filled with examples of well-known brands, some of which are globally recognised and have been for a long time – University of Oxford, Cambridge University, Harvard University, and others.

Current developments in higher education, including an increasing focus on the university as an organisation coupled with marketisation and a global race for reputation and status through rankings and other means, are shaping HEIs increasing interest in creating and strengthening their brands. Two particular issues seem to be especially relevant: forming a sense of who they are and what they do, and caring about how they are, and want to be, perceived by various actors inside and outside academia. Reformulated in terms of branding, defining the brand and making it known to important constituents both inside and outside the particular organisation is important.

The first concern is thus to create a brand, and to define what the organisation is or what it stands for (Waeraas and Solbakk 2009) and the character of the organisation that is to be promoted. This is a form of identity construction, whereby the "essence" or distinguishing features of the organisation are sought, without necessarily assuming that there is, in fact, one "true" or "real" identity to be identified. Such identity construction involves defining or formulating the core features of the organisation – or creating a sense of "self" – and can be traced in internal discussions and change processes about what the organisation should be, what it should or should not do, and with whom (or what) the organisation compares itself (Stensaker 2014). Here, external images and the perceptions of external audiences matter, and become elements in the internal identity construction process. For instance, international rankings have spurred comparisons with others, and created impetus for change and identity-formation processes at universities and business schools in many contexts (Elsbach and Kramer 1996; Wedlin 2006). Thus, rather than thinking of it as an internal process, we can think of identity-building as a social process involving many actors, and involving processes of social recognition, image-making and identification (Albert and Whetten 1985).

Mergers are one type of event that triggers such identity-building processes (Vaara et al. 2003). In particular, mergers involve the construction of a common identity for the new organisation, which involves the construction of images of "a common future" for the two merging units (Vaara et al. 2003: 420). Here we can find efforts by the merging organisations to establish a sense of unity and common faith, formulating statements and visions about the character and profile of the organisation to be. Such efforts to create and establish a partly new identity are of central concern for management in merger processes (Stensaker 2014).

Brands can be considered an embodiment of an evolving sense of identity for an organisation, and branding is a technique that can be used to create differentiation against other organisations, or other possible identities (Drori et al. 2013). Brands and the practice of branding are dependent on broader identity-building processes. Illustrating this, Waeraas and Solbakk (2009) show how a small university in the far north of Norway struggles to define the essence of the university, and how the branding process seemed to get stuck in the process of this work. As part of the

brand, visual images such as logos, seals, and emblems are powerful tools that can be used to signal and communicate identity (Drori et al. 2013), as can rhetorical artefacts such as corporate names (Aula and Tienari 2011).

Drori et al. also show how universities are changing their emblems and creating logos to create stronger signals about who they are and what they want to be, and promote instant public recognition of them as organisational entities (Drori et al. 2013). This relates to the second important aspect of branding, which is making the brand known to important constituents. This can be conceptualised as reputation-building, which is also central to any merger process (Aula and Tienari 2011). In a study of the merger of three specialised universities in Finland, which led to the creation of the Aalto University, Aula and Tienari (2011) show how such reputation building was essential in making the merger legitimate and possible. Through deliberate efforts to cast the new university as "world-class" and as a flagship of the Finnish higher education field, instances of controversy and resistance could be handled and used to reconstruct the reputation of the university for particular stakeholder groups (Aula and Tienari 2011: 23).

This leads us to see branding in university mergers as a tool for identity-construction on the one hand, and reputation-building on the other. How these tools are used, and the dialectic between them, will be explored as we study the merger process of a university and a university college in Sweden.

8.3 The Making of the Linnaeus University

The Linnaeus University was created through a merger of University College Kalmar (HiK) and Växjö University (VxU). This was a full-scale, voluntary, horizontal merger of two HEIs of fairly equal status. The merger was preceded by a long process, beginning in the 1990s, of intensified collaboration between the HEIs in the Southeast of Sweden. In those discussions, there were three HEIs involved: VxU, HiK and Blekinge Institute of Technology (BTH). VxU gained full university status by the turn of the millennium and both BTH (Technology) and HiK (Natural Sciences) acquired the right to award doctoral degrees within certain scientific areas.

In order to avoid duplication and competition for students with a neighbour, a certain division of labour and profiling took place in the early twenty-first century. For instance, the subject Biology was moved from VxU to HiK and all modern languages except English moved from HiK to VxU in 2002–2003, a process which was facilitated by targeted funding from the government. In 2003 and 2004 VxU and HiK both appointed new vice-chancellors, who were both committed to the task of reducing overlaps and further developing unique institutional profiles. HiK made an important milestone decision, to postpone proceeding with an application to the government to become a full university.

In spring 2004, BTH joined the discussions regarding intensified collaboration between the HEIs in this region. Deeper analyses were carried out in order to identify possible areas of common interest. In all, some ten sub-projects were included and the whole project was led by an external project leader. The final report, which recommended even stronger collaboration between the three HEIs, was delivered to the HEI boards in September 2005. A number of new projects followed. The three boards agreed on a common goal for the collaboration: "the HEIs shall strengthen their common and individual competitiveness and quality through collaboration". A vision for a strategic alliance in the southeast was formulated: "The surrounding society – regionally, nationally and internationally – recognises the strength in the collective resources at the three HEIs and the inherent development potential in them" (Akademi Sydost 2007).

A new 3-year collaboration agreement was signed in January 2006. The three HEIs took the name Academy Southeast. A number of joint working groups and projects were launched, which resulted in some concrete outcomes, e.g. joint teacher training and doctoral education. These projects were also important in terms of cultural integration; joint enterprises reduced the fear of the "others", i.e. peers at the other HEIs. There was another milestone in November 2007, when the three boards launched a joint seminar on future collaboration. After the seminar, the boards of VxU and HiK signed a letter of intent, with the formation of a new university in sight. The boards gave the two vice-chancellors the task of working in that direction. However, BTH decided to postpone their decision. In a subsequent 2008 board meeting (with a new board and a new vice-chancellor in place), BTH decided not to join the other two organisations in their quest to become a new university.

This history reveals that the merger included a long preparatory period during which the actors involved were able to liaise and consider various alternatives. The process can be described as a bottom-up initiative, primarily driven by the HEI boards and senior managers. In the same time period Swedish national higher education policy had shifted, to focus more on excellence and quality rather than on widening participation, access and regionalisation. This "elitist turn" was started by the Social Democrat government but subsequently developed and reinforced by the new right wing liberal government from 2006 and onwards. The new government became increasingly explicit in its communications with the new and younger HEIs, suggesting that more initiatives in the form of strategic alliances and mergers would be regarded benevolently. One example was when Stockholm Institute of Education was taken over by Stockholm University (see Chap. 9 in this volume). The government also announced the prospect of financial incentives for new merger processes. The case merger process was formally initiated in a 2008 Government Bill which approved the proposal from the two HEI to merge as of 1 January 2010. Dedicated funding was allocated for the merger process and a designated organisation committee was appointed, with the task of preparing for and accomplishing the establishment of the new university. 6.5 million Euro was allocated for the merger, which included funding for a large number of committees and working groups at both HEIs.

8.4 Developing a New Identity

The first issue we will discuss is the identity-making involved when creating the new university. As mentioned earlier, the establishment of this new university was a long process, beginning several years earlier in the so-called Akademi Sydost (Academy Southeast) project. From the start, there was a wide spectrum of attitudes among internal and external stakeholders, with some concern about a new identity. The senior managers at both institutions were aware of the importance of getting staff at the two institutions "on-board". Anchoring the idea of a merger among staff was thus given high priority, and significant time and resources. A few concrete examples: a temporary webpage was set up and so-called information cafés were opened, which anyone could attend to hear news about the merger. Staff and students were invited to information meetings and a large number of working groups were set up, addressing various aspects of the merger. The general idea was to involve staff and students from the two institutions in the working groups and committees.

A considerable amount of time and effort was spent on internal anchoring, integration and identity-making. Most of our interviewees mentioned that there was no shortage of information during the process, rather the contrary. It is also interesting to note that it is almost impossible to put too much emphasis on communication. Unlike our interviewees, the Student Barometer showed that many students felt there was a lack of information. Students were asked to consider the statement: "I have received enough information about the effects of the merger for me as a student". Only 15 % at VxU and 30 % at HiK agreed with the statement (Studentbarometern 2009).

However, despite these efforts, not everyone shared the view that a merger was the way to move forward. As expected, attitudes among staff were split. Many saw the potential associated with the creation of a new university and some explicitly mentioned creating a stronger name nationally and internationally (Geschwind and Melin 2011), as illustrated by this interviewee: "The merger was necessary. The old institutions [VxU and HiK] were too small to achieve sufficient quality. At the departments, the merger has not yet had full impact. But in terms of marketing, it has been very good." (Academic staff). The critical voices included the academic trade unions, in particular at VxU. Overall, there were more critical voices heard at the institution with university status, VxU. This might be explained by the fact that this university gained full university status in 1999, i.e. only a decade earlier, and many employees saw few reasons to merge, since they already had the right to award degrees at all levels. This interviewee illustrates this attitude:

> *When merging larger groups usually some expectations are mentioned, such as more people give more opportunities for research collaboration. It is often said that more teaching ideas could be fostered. It is possible this happens, but not in this merger anyway. Unfortunately, I have been struggling to find anything which has made my daily work better after the merger. I haven't found one single point of contact neither in teaching nor in research which could have offered me something I didn't have before the merger. Rather the contrary.* (Academic staff)

The resistance also included students at the university who were sceptical about the merger. To them, the branding of the new university was a key issue. They feared that a new university, with a new brand, would be less attractive on the job market than the brand they already had signed up to.

A student survey from 2009 confirms this:

> *The attitudes towards the merger differ significantly between the institutions. In Växjö, three out of ten are positive and in Kalmar six out of ten. Three out of ten have expressed a negative attitude to the merger whereas the figure in Kalmar was only one out of ten. The positive attitude shown in Kalmar has several causes. First, they probably see positive consequences like getting their exam from a university rather than a university college. Students probably regard a university degree as having higher status, which is conceived as being more competitive on the job market. Another plausible explanation might be that the academic staff in Växjö have expressed more negative attitudes, which in turn might have affected students' attitudes.* (*Studentbarometern*2009, *p. 60, our translation*)

The attitude towards the merger separated the students along geographic lines. Whereas the students at HiK were on the whole positive about the merger, their counterparts in Växjö were continuously hesitant or reluctant. They even tried to secure the possibility of having both Växjö and Linnaeus university names on their certificates (this was refused by the Government). An interview with the student union in Växjö confirms this:

– *In Växjö, all students wanted their exams before the New Year, in Kalmar it was the other way around.*
– *But why would one prefer an exam from a university which will cease to exist*?
– *They had another self-perception, that they were better.*
– *So the Linnaeus University did not sound better than Växjö University*?
– *Not necessarily.*

It was also clear that the two campus solution was a challenge and that there was also still a cultural distance between the campuses, illustrating a feeling of "us" and "them":

> We have many meetings via video link. It is not optimal, the solution is to meet more often [physically]. Or accept that Linnaeus University is not ONE, but only 'HALF-ONE'. It is naïve not to realise that.

About identity, a teaching lecturer from Kalmar noted:

> When I have been to Växjö and been well received and had contacts with nice people, then it feels better and it feels like I am part of it too, it is 'mine' as well.

Thus, the internal identity-making was not necessarily easy, at least not initially. The results show that most of our interviewees, including those who were critical of the merger, refer to the new brand as something positive and successful.

The external communication and identity-making vis-à-vis the surrounding society was equally massive. The local and regional politicians were invited repeatedly and presented with the rationale for the merger. Their potential initial scepticism and "this-is-our-university"-attitude was changed into support for the creation of a stronger new university, for the good of the region as well as their own institution. This was especially noteworthy regarding HiK, which had been preparing an application to the government for full university status for some time. Local and regional

businesses were also invited and informed. There were meetings where they could present their opinions on and their expectations for a new university.

The merger also carried other regional dimensions. It should be mentioned that there had been earlier attempts to establish a closer collaboration between the two, traditionally rival, cities of Kalmar and Växjö, and also more cooperation within the region as a whole. Globalisation, economic crisis and a growing feeling of being peripheral had brought about a sense among politicians and business leaders that collaboration was better than competition and the plan to form a new, merged university was a perfect fit in this respect. Politicians mentioned in our interviews that this was a project through which they could concretise and implement plans for regional collaboration. The local media was also invited and informed on a regular basis.

8.5 Developing a New Brand

When the merger was agreed in February 2008, the branding process began. An internal branding group was created, including representatives from academic staff and students. The name Linnaeus University was chosen in May 2008 and new core values, "in the spirit of Linnaeus" were presented: curiosity, creativity, companionship, and utility. From then until the 1st January 2010 three brands had to be handled simultaneously: University College Kalmar, Växjö University and the Linnaeus University. A new website was launched: nyttuniversitet.se (newuniversity.se) with updated information about the new institution. Another detail was an image in the form a baggage tag with the text "soon the Linnaeus University" which was attached to the logotype of the merging HEIs.

This phase of the process has been described as a challenging task:

> *It was a great challenge to launch a new not yet existing university, without a new vice-chancellor appointed. The initial campaign focused on the start of a new university and the basic idea behind the message was to communicate the core values and the definition of the Linnaeus University in the new vision and strategy document 'A journey to the future': 'A new, modern and international university in Småland'. New as in young and curious. Modern as in creative and experimental, a place where anything is possible. International as being an actor with the world as arena. Småland as in safe, nearby and available.* (Linnaeus University 2011, p 5)

The first advertisement for the new university was published in regional and national media in August 2009. Admission of the first students was due in spring 2010. The first recruitment campaign was launched in autumn 2009, with Kalmar and Växjö shown together, in order to relate to the previous brands. The marketing was complemented by a couple of professional commercial films to be shown on TV and in cinemas. Targeting a young audience, and with the idea of the creative, novel thinking university in mind, the sports activity Parkour became the idea to visualise: "The symbolism is obvious: you create the boundaries in your life – the

Linnaeus University makes it possible." Two Parkour movies were filmed in 2010, delivering the message: "A University where anything is possible" (Linnaeus University 2011, p. 8).

The name issue became important when the new university was created. In cases like this, with campuses in different cities, it may be a challenge to find a neutral geographical name. In one of the background reports, the branding issue was used as an argument for merger. It should be a new name for a new university:

> *The brand University X is easy to communicate to students. Funding bodies, including the State, should at least initially à priori get a positive attitude towards the institution, since it should be appreciated being an organisation which has made an attempt to decide its own fate*. (Akademi Sydost 2007, p. 19)

The identity-making and branding process described above was the result of a carefully planned and implemented communication strategy, both internally and externally. The branding issue was largely handled internally without extensive use of external consultants. A working group, headed by the Head of Communication at HiK, was given the task of creating the new brand. The branding group was presented with a number of name suggestions and screened them according to criteria closely related to the vision. In its motivation for the final name, the branding group writes:

> *Some 50 name suggestions have been categorised and assessed using the group's decided criteria. The group has above all assessed the names in relation to academic associations, general positive associations, simplicity, geographical ties, international viability, judicial considerations and assessment of acceptance for the name in Kalmar and Växjö respectively. In addition, academic colleagues in Sweden and abroad were consulted in order to get as many viewpoints as possible. Some research has also been undertaken regarding other higher education institutions' views on the choice of name*. (HiK/VxU 2008)

Eventually, in May 2008, the group came up with a new name, not referring to any geographical part of the region but to one of the most renowned Swedish scientists in history, Carolus Linnaeus, the botanist. He was active as a scholar at Uppsala University but originated from the region, which was considered enough of a relationship. There were dialogues with both Uppsala University and the Swedish College of Agricultural Sciences (SLU) in Uppsala. In the end, the name Linnaeus University was chosen, and the construction of a new brand began.

Another crucial part of the branding process was the graphic design and logotype. The communication department and its head created what has since been a real signature of the Linnaeus University: a graphic design where key words on websites and in catalogues are filled with yellow colour, like when students use a highlighter pen to highlight text in study books. This idea was used in all marketing material and received significant positive attention.[2]

The branding project has been recognised and rewarded. In 2012, the Linnaeus University, together with three other organisations, was nominated as Communication Team of the year by a communication firm. The nomination read:

[2] We recommend a visit to the website www.lnu.se for an instant look at it.

> *A well thought through strategy and a brilliant example of consequent action from idea to implementation using the marketers' entire palette. The Linnaeus University has in a short term created a new strong brand and shown that high level marketing can make 1 + 1 be more than two. The outcome is a coherent plan which has led to a fantastic result for the product as well as the region.* (Linnaeus University 2011, p. 12)

One of the Parkour movies eventually won a prize for best student recruitment film in the Linnaeus University (2011).

8.6 Early Effects

We now turn to the second main question posed at the onset, i.e. the short-term outcomes and effects of the merger. Interestingly, it had some immediate positive effects. By and large, staff at both HEIs were on board, local and regional politicians were supportive and local and regional businesses trustful and the local media were satisfied. The external communication strategy resulted in more or less positive media coverage, something that could easily have gone the other way. However, as it happened, when the new university was finally in place and a new management team took over, this positive relationship with local media was gradually eroded and the first year's media coverage of the new university was predominantly negative and often included harsh attacks and criticism of the new vice-chancellor or other key individuals (Melin 2013). Unsurprisingly, internal post-merger integration showed variations across the institution. The new leadership also launched some important change processes, including yet another reorganisation, new performance-based funding principles and new contracts for academic staff.

One way of measuring the success of mergers, or other initiatives or interventions, is to assess the impact on core activities, research and education. This, in turn, can be measured in many ways and by using various qualitative or quantitative indicators. Some of these indicators are clearly related to branding activities rather than evidenced higher quality. In the years that followed the merger the number of applications to the university's courses and programmes increased significantly, in comparison to the total number of applications to the previous two institutions (Table 8.1).

However, the merger coincided with the effects of the financial crisis and, as a consequence, all Swedish universities experienced an increased demand for education from young people who no longer could find jobs as easily as before. A comparison across academic institutions in Sweden shows that the Linnaeus University's courses and programmes received more applications than other Swedish universities' courses and programmes. In fact, most Swedish HEIs experienced an increased application rate (4 % in 2010), but the Linnaeus University saw a larger increase than other HEIs (21.4 % in 2010) (Linnaeus University 2011, p. 12). Hence, there seemed to be "a merger effect", i.e. the new university was perceived as a more attractive student destination than the two former institutions. This is an indication of a perceived strengthened brand and, as a consequence, the value of a recognisable degree in the labour market.

Table 8.1 Number of applicants, bachelor and master levels

	Spring 2013	Spring 2012	Spring 2011	Spring 2010	Spring 2009	Autumn 2013	Autumn 2012	Autumn 2011	Autumn 2010	Autumn 2009
Total number of applicants	30,700	24,973	23,009	15,721	14,620	56,660	53,674	49,482	43,109	39,358
1st choice applicants	14,894	12,825	11,846	7,902	8,536	21,472	22,553	21,559	19,736	17,477

Source: Linnaeus University Annual Reports 2009–2013

Table 8.2 Income for research and research training (kSEK)

	2013	2012	2011	2010	2009
Total income	434,959	414,832	401,890	398,736	377,950
Share external research funding	159,136	140,523	135,238	128,793	122,824
Share external research funding, % of total income	37 %	34 %	34 %	32 %	32 %

Source: Linnaeus University Annual Reports 2011, 2013

The impact on research is difficult to estimate. Not least because more time needs to pass before it is possible to fully investigate it. However, one indicator that we can use relatively early on in the process is the amount of external funding. The idea is that if applications for external funding improve, then the amount of external funding ought to increase. It may be problematic to compare real figures from one year to another, as they tend to grow a little each year and are also dependent on inflation and other economic factors. Instead, the share of total external funding may be a useful indicator. A comparison with the two former institutions shows that, a couple of years after the merger, the share gained by Linnaeus University has increased, as shown in Table 8.2.

The increase is small, but the trend is positive. Whether this is a sign of slowly improving research quality remains to be seen. A longer time series of the share of external funding is required and it also needs to be complemented with other measures.

Mergers are time consuming and stressful activities and the post-merger integration sometimes takes many years. Our longitudinal approach enables us to say something about the change over time. Interviews with different categories of staff indicate a change in terms of reputation and status. These quotes from various doctoral students, a group which is not insensitive to these issues, illustrate this point:

> *The University has gained status, which is notable internationally and is almost regarded as good as Linköping University, not quite but close to.*
>
> *The important thing is to raise money, and build excellent research. The merger has been helpful in achieving this. But it takes time. The research quality has been enhanced considerably, which also affects education.*
>
> *But now, afterwards, we can see an increase in student numbers, improved marketing, sharper central support functions including ICT, communication, technology transfer. All core functions have been improved. If you would have asked me six months ago, I would have thought differently, then it was a mess but now, with perspective, I think there has been a professionalisation.*

Other categories of staff also seem to have changed their attitudes over time. A senior manager, interviewed 3 years after the merger:

> *A conclusion: the old images of Kalmar and Växjö have faded; they feel old now. We are the Linnaeus University now, regardless our opinions on various topics. LnU is our identity. Then there is a slight disappointment that we haven't reached further than 1 + 1 = 2. We had hoped for 2.5 or 3. We have not seen any financial rewards from the Ministry. The real effects will come in 5–10 years though, perhaps more.*

Another manager commented the new university and the reactions from outside: "The marketing campaign has been successful. People are curious when you come out."

8.7 Discussion

In this chapter we have discussed how a merger involves work to create not only a new formal organisation but also a new identity and a new brand. In line with contemporary policy ideals and developments in higher education, including a stronger focus on organisational autonomy and demands to construct HEIs as rational and governable entities (Paradeise et al. 2009; Ramirez 2010), HEIs have been transformed and they increasingly behave strategically. They share and copy good governance practices from across the world. They are also competing not only on the regional or national market, but are increasingly perceived to be competing on a global level (Wedlin 2006). The issues of branding, profiling and reputation have been on HEIs' agendas for a long time. However, recently more focus than ever is being put on how others perceive and assess not only the quality of education and research but also how the institution positions itself in the marketplace (Salmi 2009). Consequently, huge sums of money are invested in marketing and communication strategies.

With respect to branding, university mergers are tools for identity-construction on the one hand, and for reputation-building on the other. Branding issues, along with general marketing and communication, appear to be particularly pertinent and pressing issues in a merger context, and when new HEIs are created. For instance, the name is always a delicate matter when establishing a new institution. The devastating troubles that have been reported from the merger that resulted in Sichuan University in China originated not least in a conflict about the name, which in the end required government intervention to settle (Wan and Peterson 2007). The Aalto University provides another interesting comparative case (Aula and Tienari 2011).

The merger case analysed in this chapter, the creation of the Linnaeus University, shows how a successful branding project can aid the merger process. It illustrates how the identity-building involved in the process of branding – in terms of defining the "essence" of the brand and communicating and making it known – are mechanisms that helped the merger process. The significant increase in students, even when compared to other HEIs in the same period, indicates that students found this new university attractive, more attractive than the former institutions. The increase occurred immediately after the completion of the merger, which suggests that it was too early to be based on assessments of teaching quality. Rather, the increase could be explained by a massive investment in marketing activities and the communication of a new, successful brand, including the new name, graphic design, logotype etc. Interestingly, the merger was initially met with serious scepticism, particularly from the institution with university status, Växjö University. Even more interesting is the fact that students at Växjö University were concerned about the

new brand, which they feared would be less valued on the job market. Three years after the merger, this seemed to have changed. Increasing number of students, more external research funding and increased visibility regionally, nationally and internationally have raised the status of the institution.

This supposed "success" of the merger in terms of marketing and branding can illustrate how identity-construction and reputation-building are interrelated, particularly perhaps in a merger situation. While identity struggles and sometimes deep scepticism about the merger process and its potential benefits have been clear, success in terms of external branding campaigns and the perceived benefits of an enhanced reputation became important. These served as instruments for continued identity-creation, but also to rationalise the merger process and its outcome. Hence, the results of this study also shed some light on the notion of "successful mergers" and when to evaluate and assess. Based on our findings, we would argue that the merger process itself is more important than has been suggested in earlier research. A successful branding process has the potential to give early results in the form of more students and consequently more funding. This, in turn, gives the opportunity to recruit more, and higher quality, academic staff. The implications for leaders and decision-makers are obvious: a successful branding process in a merger is not a side-project which happens away from academic core business. Rather, it has the potential to be both the integrative force needed to mobilise staff and, equally importantly, to attract support from external stakeholders and, last but not least, more students who are attracted by a perceived new and fresh university.

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Chapter 9
Takeovers in Swedish Higher Education: Comparing the "Hostile" and the "Friendly"

Sara Karlsson and Lars Geschwind

9.1 Introduction

Higher education mergers come in many guises. From a macro-political perspective, they can be broadly categorised as either forced or voluntary (Harman and Meek 2002; Kyvik 2002). Governments may use different implementation methods – carrots or sticks – such as legislation and/or financial incentives. Forced mergers tend to signal crisis and are often criticised, if not controversial. Empirical studies from several countries now suggest a shift over time, away from top-down, government-initiated mergers towards self-initiated, proactive mergers (Harman and Meek 2008). This is coupled to the spread of more refined methods on the part of governments, resulting in "forced voluntary" mergers (Hansen 2012; Curri 2002). In essence, this can be described as indirect steering, yet with a clear element of inevitability, signalling: "if you do not merge voluntarily now, you will be forced to merge later on when conditions will be less favourable" (Kyvik and Stensaker 2016).

Developments in Sweden follow this pattern. In recent years, the Swedish government has encouraged mergers in the higher education sector, based on the conviction that cooperation and resource concentration will lead to greater efficiency and higher quality. Increasingly, this encouragement has taken the form of soft steering by way of financial incentives. For example, in the 2012–2014 government budgets, special funding was allocated to institutions willing to merge. In this connection, it was emphasised that the most successful mergers tend to be voluntary and driven by the institutions themselves (*cf.* Finansdepartementet 2013).

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One of the products of the merger wave was the takeover of Gotland University College (GUC) by Uppsala University (UU) on 1 July 2013. In this chapter, we will compare this merger to an earlier initiative, namely; the takeover of Stockholm Institute of Education (SIE) by Stockholm University (SU), on 1 January 2008. In our view, these two cases make interesting, contrasting examples as far as decision-making, policy implementation and change management are concerned.

9.2 Aim and Methodology

In line with the overall purpose of the volume, the aim of this chapter is to increase our current understanding of merger processes. A comparative case study approach is appropriate to this end (Merriam 1998). At their best, case studies have the potential to provide concrete, contrasting narratives that enrich and enliven theoretical discussions. The selected cases, we believe, have such qualities.

We analyse the cases according to an analytical framework, outlined below, highlighting similarities and differences. More specifically, the chapter is guided by the following research questions:

- How were the takeovers motivated?
- How were they implemented, communicated and received by those involved?
- What have been the short- to mid-term consequences?

To a large extent, these three questions mirror the categories outlined in the introductory chapter of this volume, i.e. rationales and drivers; processes; and effects/outcomes and success factors. Here, the main emphasis is placed on drivers and implementation processes, whereas the analysis on outcomes is more tentative. This is in order to delimit the scope of the study, but also because in at least one of the cases not enough time has lapsed for a full evaluation to be possible. It is, nevertheless, important to bring up the issue of consequences. As will be evident, this issue brings more complexity to what may otherwise seem like a straightforward comparison.

The chapter relies primarily on empirical data from a longitudinal research project on the GUC-UU merger. This project commenced in the pre-merger phase of early 2013 and is set to continue until 2016. In the first phase (spring 2013 to spring 2014), we focused on the rationale behind the takeover and perceived opportunities and threats, 27 semi-structured interviews were conducted. These key informants included academic and administrative staff from three departments as well as academic and administrative management representatives from both institutions. In the case of the SIE-SU merger, we had three key reports and evaluations at our disposal (Ekholm 2008; Melin et al. 2013; Sandström et al. 2006). While these do not fall into a strict academic format, they are based on relatively extensive data. This means that we did not have to repeat previously conducted interviews, but only supplement them with a small number of additional interviews.

9.3 Analytical Framework

9.3.1 The Takeover: A Deep, Unequal Merger Process

The takeover is a distinct member of the merger family. Among the dimensions used by scholars (Harman and Harman 2003; Kyvik 2002) to categorise different types of mergers, takeovers stand out in two ways. Firstly, they are normally a deep form of merger. In a broad sense, the term merger may encompass anything from the creation of a new umbrella organisation sharing a minimal central steering core (Clark 1998), to the full integration of two or more organisations into one. In Sweden, the recent establishment of the Stockholm University of the Arts is an example of the former. Takeovers, such as the GUC-UU and SEI-SU cases, are examples of the latter.

Secondly, the takeover is essentially an unequal process. In-/equality dimensions may include size, reputation, opportunities, finance, or combinations thereof. In the higher education sector, inequalities may refer to sectoral status, as in the case of a university merging with a university college. While a merger process with equal parties may result in a new compromise organisation, a process with unequal parties may lead to the complete integration of the smaller, or otherwise weaker, party into the larger one. In the private sector, the twin terms "mergers and acquisitions" (M&As) illustrate this range (Pinheiro et al. 2013).

It should be noted that the terms 'takeover' and 'acquisition' both take the perspective of the larger party. Obviously, it is the larger party that takes over/acquires the smaller party. Therefore these terms are perhaps more controversial than the generic 'merger'. Nevertheless, we find the term 'takeover' appropriate precisely because it illustrates the power imbalance that, de facto, exists.

9.3.2 Drivers and Rationales

Mergers can be analysed according to their underlying drivers, and, related to this, their rationales: how they are motivated. For decision makers, presenting an explicit rationale can be important for accountability purposes. An upcoming merger is likely to affect many people, and it helps if it is well motivated.

Structural factors such as economy, culture and politics feature in many such official rationales. Perhaps the most commonly used pro-merger argument, in private and public sectors alike, is efficiency (Harman and Harman 2003; Harman and Meek 2002). The hope of achieving economies of scale can be a driving force for companies seeking to increase their profits. Similarly in the public sector, it may be seen as an opportunity to offer better value for taxpayers' money. In higher education, economic rationales are often phrased differently. It may be manifested as an aspiration to enhance the quality of research and teaching by enlarging and strengthening academic departments, hence creating a critical mass. Along the same lines,

administrative gains may be foreseen (Kyvik 2002). Mergers may also be initiated as part of a reputation-building process, as seen in the case of the establishment of the Aalto university in Finland (Aula and Tienari 2011). Arguably, the resource dependence of higher education has increased the importance of economic arguments in merger discussions.

Cultural and/or ideological driving forces may also come into the picture. Such cultural change tends to be far-reaching and require lengthy implementation processes (Pritchard and Williamson 2007). In higher education, the process known as academic drift, signifying a movement away from a culture of professional practice and application towards a scientific research culture, is much debated (Harwood 2010). Academic drift, it is argued, has affected fields of practice such as engineering, medicine and teaching. It has been used as a motive for the incorporation of previously independent professional education providers into the university sector (Christensen and Erno-Kjolhede 2011). The underlying idea is that academisation increases quality.

Finally, drivers and rationales can also be understood from an actor perspective. In higher education, stressing the importance of individuals such as vice-chancellors, senior faculty members, local politicians or education ministers, may be particularly relevant. The enthusiasm of such key stakeholders has been found to facilitate merger processes (McGinnis et al. 2007). Of course, the opposite may also be the case, i.e. active resistance from key individuals may jeopardise the merger process.

9.3.3 Implementation: The "Hostile" Versus the "Friendly"

As seen throughout this volume, the implementation of a merger is a complex matter. More often than not, it involves hopes and fears, internal power struggles and several aspects of local and national politics. In this chapter, we use the dichotomy "friendly" versus "hostile" as an analytical tool to understand the implementation process. We are aware that merger processes are too complex to fit neatly into such exaggerated categories. Therefore, they should be seen as ideal types rather than empirical realities. Nevertheless, we find the dichotomy fitting because it highlights the subjective, if not emotional, nature of the process.

Our definition of a friendly implementation process is one in which there is active communication between staff and management at the institutional level. This does not infer that staff and management necessarily agree on the benefits of the merger, but rather that staff anxieties e.g. over job security, are listened to, and that there is consultation and involvement of staff in the process. At the inter-institutional level, a friendly implementation process is characterised by negotiation, mutual trust and respect. The parties may be unequal – as in the case of takeovers – but there is still a degree of reciprocity. Finally, at the national level, a friendly implementation process is one in which the voluntary, self-directed nature of the merger is emphasised. Here, governmental steering is based on encouragement rather than force.

Our definition of a hostile implementation process is much the opposite: a process characterised by poor staff-management and inter-institutional communication, and limited trust at all levels. In addition, the state uses a force strategy, more or less dictating the conditions of the process.

9.3.4 Success Factors

While the outcome of a merger is difficult to predict and evaluate, in part because it is a lengthy process making causal relationships uncertain, previous studies (Harman and Harman 2003; Gamage 1992; Cai 2006) have pointed to some success factors. Many of these are, in fact, preconditions that have been found to facilitate the process. The voluntary nature of the merger is one such factor, thought to favour a sense of local ownership. Another aspect is cultural compatibility and disciplinary similarities, found to facilitate staff integration. Conversely, cross-sectoral mergers can be demanding due to differences in academic culture, as well as operational and financial differences.

The speed at which the merger is completed is another aspect. In higher education, many mergers have been preceded by long-standing cooperation between institutions and/or individuals (Rowley 1997). Such mergers can be viewed as step-wise processes. Lengthy, deliberate and consultative periods leading up to the merger decision, followed by an unhurried implementation pace, have been identified as success factors (Gamage 1992).

Naturally, what constitutes as success factor depends on the aim of the merger. If financial rationalisation is the overarching objective, then academic compatibility may be a problem rather than a success factor as it may be a reflection of inefficient overlaps. Success, therefore, is "in the eye of the beholder". This will be evident in our empirical cases below.

9.4 Findings

9.4.1 The Stockholm Institute of Education – Stockholm University Case

Founded in 1956, the Stockholm Institute of Education (SIE) was a small university college specialised in teacher training. It provided professional education within a programme format. As of 1977, SIE was the only dedicated teacher training institute left in Sweden, as all other institutes had been integrated into the university college and university sectors. It therefore had a unique role and self-image. Stockholm University (SU), on the other hand, was, and is, a large comprehensive university with a broad academic portfolio, providing individual courses as well as study programmes.

Up until the SIE takeover, SU had relatively limited experience in professional education provision. This is largely due to the existence in Stockholm of other specialist universities in the fields of medicine, engineering and, as noted, teaching.

Over time, the various higher education institutions in Stockholm not only constituted a division of labour but also agreed on different forms of cooperation. SIE and SU were no exceptions. Prior to the takeover on 1 January 2008, they had a long history of close cooperation. The agreement was that SU would provide academic expertise in subject areas ranging from the humanities and social sciences to natural sciences, while SIE would take responsibility for the professional aspects. Due to the university college status of SIE, it did not have degree awarding powers at doctoral level, which meant that a cooperation agreement with SU was necessary in order to further its academic ambitions (Sandström et al. 2006).

Subsequent evaluations (Ekholm 2008; Melin et al. 2013), confirmed by our own interviews, conclude that this pre-merger cooperation was riddled by conflict. The disagreements were framed in different ways by different actors. Not least, there were fundamental discrepancies with regard to pedagogical and didactical approach. This episode is recounted by a former SIE staff member:

> *We were asked [by SU] to provide an analysis of our courses, to specify the number of credits dedicated to theory and the number of credits dedicated to didactics. From our point of view, we could not do that, because we always integrated the two.*

Here, the interviewee suggests that this particular SU request was symptomatic of a lack of understanding of the professional nature of teacher training, and of the need for a holistic approach in particular.

Meanwhile at SU, there was a *"smouldering discontent, mainly amongst the academic teachers who were involved"*. According to this interviewee, this was partly because SU teachers felt that they lacked influence over curricula, and partly because they thought SIE teaching methods and ideology were counteracting the theoretical dissemination that was close to their hearts.

National politics also formed an important backdrop to these staff-level disagreements. SIE had been questioned for a long time. The fact that SIE maintained its separate status throughout the era of comprehensive academisation (reaching well beyond teacher training) was an eyesore to some, particularly in light of growing concerns about quality. The quality of teacher training in Sweden had come into question in several national evaluation rounds, escalating in 2005, and there was heated public debate on the issue. Recurring criticism concerned low admission requirements, unchallenging study pace, and lack of theoretical foundation. This debate affected SIE, and by extension, SU as well (Sandström et al. 2006).

At the institutional management level, both parties were interested in negotiation and problem-solving. For SIE management, the Ph.D. degree awarding powers were an important motivation. In this matter, SIE had sought governmental support for their case as an independent provider, to no avail, which meant that the SU cooperation had to continue. Further, it had become apparent that the imminent Bologna-related reforms, including the new masters' degree requirements, would necessitate a stronger academic basis. The messages from national evaluations and governmental

directives were clear to SIE management: further academisation was necessary. As far as SU was concerned, the main driver was identified as being

> *the fact that SU, despite its capacity as the largest university in the country, lacks the right to take a share of the responsibility for, and contribute through its own enhancement activities to one of the largest higher education fields: educating the teachers of tomorrow* (Sandström et al. 2006, p. 6, our translation).

The prospect of a full-blown merger was now on the table. In 2005, a joint commission – the so called Regina group – was set up, charged by the respective university boards with the task of investigating the prospects of such a move. The idea at the time was that a separate education faculty be established at SU. The commission came out in favour of a merger, based on the belief that an amalgamated organisation would be in a better position to provide high quality teacher training, integrating professional and academic aspects. It specifically mentioned the ambition at SU to prioritise and strengthen the research capacity in the field (Sandström et al. 2006).

However, as it turned out, the enthusiasm of the Regina group and the two institutional management teams was not shared by all internal stakeholders. Admittedly, at SU the proposal was relatively well received, but at SIE – where it was widely circulated – it was emphatically rejected. This led to a new deadlock, as SIE management now found that it lacked an internal mandate to carry on with the merger plans.

At this point, national politics came into play in a direct manner. In November 2006, the minister for higher education and research published a press release simply announcing that SIE was to merge with SU. While the press release and its air of finality were unexpected, the reasons to which it referred were well-known. It quoted national evaluation results and declared the need for radical measures:

> *The issue of a merger has been long been a controversial one, but the support for change has increased gradually. I expect a decision to be made in the first half of 2007.* (Press release, Ministry for Education and Research, 23 Nov 2006).

Following this direct intervention, no further government directives were given, but SIE and SU were left to deal with the preparations to the best of their abilities. Negative sentiments at SIE were fuelled by new worries about job security, office space etc. A substantial proportion of SIE staff had no doctoral degrees and would fit poorly into the academic structure at SU. As it turned out, many were offered, and accepted, early retirement. In terms of location, brand new SIE premises were abandoned and all employees were moved into SU premises. This was part of the complete integration of SIE into SU. By now, the possibility of a separate education faculty at SU had been rejected. Instead, SIE teachers were integrated into the disciplinary organisation at SU. On 1 January 2008, the takeover was completed as SIE ceased to exist.

An evaluation of the implementation process and short-term effects was conducted in June 2008 (Ekholm 2008). In his report, the evaluator, Lars Ekholm, focuses on administrative aspects, ideological aspects and the merger process itself. He concludes that some positive results were visible at an early stage. For example,

the staff transfer of approximately 700 posts from SEI to SU is identified as a *"major success"* (Ekholm 2008, p. 3), largely due to flexibility and a willingness to meet individual needs. One of the most difficult matters concerned staff without Ph.D. qualifications, who were in a particularly vulnerable position. Here too, a pragmatic compromise was achieved, largely thanks to constructive union-employer negotiations, which e.g. included early retirement schemes. From a communication point of view, the post-merger process is also described in positive terms. The two arenas set up for the discussion of policy matters and academic matters, respectively, were found to have had a positive influence. Collectively, these measures appear to have calmed down some of the heated pre-merger sentiments. Instead, the practical realities of the merger had kicked in. In summary, Ekholm characterises the process as a battle over ideologies that, to a large extent, had been won by SU. The latter is confirmed by our interviewees, who conclude that academisation has become a reality and that this is welcomed by many, but not by all.

9.4.2 The Gotland University College – Uppsala University Case

Founded in 1998, Gotland University College (GUC) was a late addition to the Swedish higher education landscape. The student population, of which many were part-time and/or distance learning students, was small (4,204 students in autumn 2012, UK-ämbetet 2013). GUC offered a mix of academic courses and programmes, and also tried some innovative concepts such as Liberal Education. By contrast, Uppsala University (UU), a classic, comprehensive multi-faculty university, is Sweden's oldest higher education institution (founded in 1477) and one of the largest in terms of research, teaching and student numbers (27,039 students in autumn 2012, UK-ämbetet 2013).

At GUC, the financial situation was an issue from the start, and over time, it became increasingly precarious. GUC had difficulties in attracting and retaining students in sufficient numbers, as competition hardened. In some cases the quality of education at GUC was questioned, but this was not the primary concern. Rather, it was its small size and education-oriented profile that meant that GUC stood little chance in the all-important race for international ranking positions. Our interviews indicate that there was a strong awareness amongst GUC staff of the gravity of the situation, as well as a willingness to seek solutions: As expressed by an academic middle management member:

> */…/ many of our discussions were about some sort of survival, that is how are we to handle this, and we discussed this rather openly.*

Indeed, substantial staff reductions and other austerity measures were undertaken at GUC throughout the 2009–2011 period.

From its inception and due to its inherent vulnerability, GUC had been motivated to form strategic alliances with other institutions. By 2012, the government had started to point to the need for stepping up these efforts. A government decision

(in 2012) to stop the funding of non-utilised student places, which presented yet another blow to GUC finances, coincided with the active encouragement to enter into merger discussions. A window of opportunity by way of merger funds was then presented (Melin et al. 2013). Many internal stakeholders were aware of the political tactics behind this, and some sympathised. An academic staff member concludes:

> */…/ I think this is a step towards reducing the number of higher education institutions in Sweden, which I find very good, and then the politicians don't really have the "guts" to close and instead they do this type of thing.*

UU was one of GUC's cooperation partners, albeit not the only one. There had been mutual interest at vice-chancellor level, and some joint activities had also taken place between faculty members and departments. Following the political signals, the collaboration efforts entered a new and more intensive phase. Our interview data suggest that personal drivers played a role in speeding up the process. As described by a GUC academic staff member:

> *Then I felt that this weighed over to the then vice-chancellor wanting to make a personal imprint. That is, being interested in something and being remembered for it. Because, all of a sudden things started happening very quickly.*

Meanwhile throughout the extensive UU organisation, the vast majority of staff members had not been overly involved in cooperation activities hitherto, and became conscious of the merger plans at a relatively late stage. However, when reactions came, they were predominantly positive. Part of the attraction lay in the unique location of GUC at Visby, an important historic site and tourist destination, familiar and loved by many. As explained by a UU academic staff member, finding that most of his colleagues wanted to get involved:

> *Because there is something attractive about Gotland, it is not just the lowest ranked university college, but Gotland in itself is close to our hearts here in Eastern Sweden. People have summer houses there and holiday memories; there is always a connection and many people see it as a personal thing to spend time there and do something for the place.*

Of course, in the official discussions at institutional management level, other types of rationales came to the fore. While the economic survival argument was readily accepted with regard to GUC, inevitably, the "what is in it for us?" question had to be answered from an UU perspective as well. Part of the answer lay in increased academic profiling. This was highlighted in the memorandum of understanding between the two parties, signed in December 2011, where three prioritised areas for the merger were identified: the Liberal Education model; Internet-based education; and education and research with a regional and international foundation (Uppsala University and University College Gotland 2011). These areas reflected another opportunity from the UU point of view: the potential to learn from, and build on innovative teaching practices, at GUC. In addition, UU management emphasised the strategic ambition to increase the university's Baltic Sea region presence. In some disciplinary areas, such as wind energy technology, game design and conservation, GUC possessed unique competencies. As interpreted and summarised by a UU academic staff member, GUC was *"a small unit lacking financial viability but with other characteristics that would bring positive value to Uppsala University"*.

UU management entered into merger discussions on the condition that GUC would be fully integrated into UU academic and administrative structures and decision-making processes. This was accepted by GUC. From national government, the parties sought and were granted a self-directed process where top-down steering was minimal. A joint working group was set up to propose aims and objectives for the new Uppsala University – Campus Gotland. Subsequently, this led to an agreement on three overarching principles: (a) Uppsala University will have operations at Gotland; (b) Campus Gotland will offer an academic environment for good quality education and research; (c) The student and teacher presence at Campus Gotland is to increase (Uppsala University 2013).

Our interview data indicate that the inter-institutional negotiations went smoothly at top level. The built-in inequality, in fact, may have played a positive role. As phrased by one of the academic leaders at UU:

> *I think what made this work was the fact that there was no element of competition between us, after all it was a matter of a very large, old university* versus *a very small and new university college… we could cooperate without getting into prestige matters, we felt this from the start.*

GUC, identified as the most motivated party, was let to lead much of the process, including practical arrangements, with the support of UU. This division of labour enabled speedy progress at top management level, but the fast-paced process also meant that there was little time to anchor decisions within UU. This, in turn, meant that the UU faculty organisation came late into the process and had little say, which later became a matter of some discontent.

In December 2012, the Swedish parliament took the decision that enabled the merger to take place on 1 July 2013. This meant that only 1.5 years had passed from the signing of the MoU to the day when GUC formally ceased to exist as an independent entity – a rapid merger process, by all accounts. The full integration of GUC into UU materialised on 1 July 2013, when each former GUC academic staff member joined a department within the UU structure. In all, 18 UU departments were enlarged in this manner. Some advisory roles and support services remained at Visby. The GUC premises at Visby harbour were also retained, now visibly labelled "Uppsala University – Campus Gotland".

Even though the formal merger is too recent to be fully evaluated, some reflections can be made on progress so far. In practical terms, a number of new courses and programmes have been developed, and there are early indications that student interest is increasing on some Campus Gotland-based programmes. The new Liberal Arts programme has attracted interest from students as well as academics, within and outside of UU. Further, the addition of GUC staff at some departments (e.g. Art History, Archaeology and Ethnology) has made a significant difference in terms of critical mass. Whether or not this will be a significant qualitative improvement remains to be seen. Other aspects for future evaluation will be student interest, research collaboration opportunities, the Liberal Arts concept, distance learning versus student presence at Campus Gotland, and, not least, financial sustainability.

9.5 Comparative Analysis

No doubt, our two cases are similar in some respects. They both meet our definition of a 'takeover'. Both are full mergers, i.e. processes in which the smaller party is fully integrated into the larger party. As a result of these processes, SIE and GUC have both ceased to exist as formal entities. Had they been private sector actors, we would have talked about acquisitions rather than mergers. Both processes were also cross-sectoral and profoundly imbalanced, with the smaller party entering into discussions from a position of inferiority. Another noteworthy commonality is that both processes were implemented at great speed (1–1.5 years) following the formal decision to merge.

However, in terms of the main drivers and rationales, the cases differ substantially. In the case of SIE-SU, the main driver was cultural-ideological. It can be interpreted as a case of academic drift (Harwood 2010). A battle took place over the definition of quality and the nature of the teaching profession. For long-serving SIE staff, academisation was a profound change process which brought up deep-seated sentiments, including rejection. In SIE-SU relations, the power imbalance inherent in cross-sectoral cooperation came to the fore. As a university college, SIE was the weaker party, and it was further undermined by national evaluation results and public perceptions. In the end, the "old SIE culture" had to let itself be subsumed into the academic SU culture. Geography, in the fact that SIE premises were abandoned (which the GUC premises were not), could be seen as a symbol for this.

By contrast, in the GUC-UU case, financial motives stand out. As already noted, the strained financial situation virtually forced GUC into a strategic alliance. For them, it was a matter of survival. While far from under similar pressure, UU understood this and could see some benefits (and not too many drawbacks) in a potential takeover. The financial argument was raised at system level too, as the government sought to achieve economies of scale by reducing the number of education providers. In the GUC-UU case, the motives of individual actors, both leaders and staff members deeply committed to Gotland, also played an important role. Not least the then GUC vice-chancellor, in his ambition to make the merger a personal prestige project, can be identified as a principal driving force.

The implementation processes also differed substantially. In the SIE-SU case, the inter-institutional cooperation was relatively frictionless at top management level, where leaders showed pragmatism and willingness to compromise for the sake of the respective organisational aims. This was in stark contrast with the atmosphere at staff level, where ideological disagreement was rife. The state and national politics also played a "hostile" role in this case. Governmental intervention was direct, outspoken and unexpected. This made for a merger process characterised by high levels of uncertainty. In effect, it became a forced merger motivated by the perceived urgency to solve a system-level problem in a politically high profiled area: the quality of teacher training.

In the GUC-UU case, previous cooperation had been less profound than in the SIE-SU case, but largely problem free. On the one hand, the vast majority of UU staff had not been involved in previous cooperation activities and knew little of the merger before it became a fact. On the other hand, they carried few preconceived negative notions. At top management level, the implementation process largely worked well, reportedly thanks to an enterprising attitude on the part of GUC and general good-will from the UU side. The main difference compared to the SIE-SU case, however, lies in the role played by government. In this case, the government made its main interventions via the funding system, firstly by cutting down on student places and secondly by offering a merger incentive. In the time that had lapsed between the two merger processes, the state had changed its strategy. As we have seen, this concurs with developments in other countries where top-down initiatives have become rarer over time (Harman and Meek 2008). At the same time, the GUC-UU process can certainly be interpreted as a "forced voluntary" merger, harbouring a strong element of inevitability for one of the parties (Hansen 2012; Curri 2002). In reality, GUC could only choose between merging and perishing.

In terms of short- to mid-term effects of the two mergers, little can be said with certainty as yet. The GUC-UU merger in particular is too recent. Nevertheless, a tentative analysis implies that there have been some early positive effects. Strengthened academic environments and new education and research opportunities are reported in both cases. Notably, this is despite the profound differences in terms of implementation process (Table 9.1).

Table 9.1 Comparison between the SIE-SU and GUC-UU takeovers

	Stockholm Institute of Education – Stockholm University	Gotland University College -Uppsala University
Type of merger	Takeover: SIE ceases to exist	Takeover: GUC ceases to exist
Date of merger	1 January 2008	1 July 2013
Profile of smaller party	Professional education (teacher training)	Mixed academic portfolio, liberal education, distance learning
Profile of larger party	Comprehensive	Comprehensive
Principal driving force	Ideological: quality at SIE	Financial: survival of GUC
Previous relationship between parties	Conflict-ridden cooperation	Cooperation in some areas, little or no contact in other areas
Political steering	Direct interference, unpredictability	Indirect steering, predictability
Quality issues	Extensive (national evaluations, lack of PhD awarding powers)	Some cases, but also: cases of the opposite
Geographical consequences	SIE premises abandoned	GUC premises retained
Short- to mid-term effects	Strengthened academic environments, new education and research opportunities	Strengthened academic environments, new education and research opportunities

9.6 Conclusions

Because they were both "takeovers" as well as products of the same higher education system, it may have been tempting to assume that our two cases were driven by similar rationales and received in similar ways. In this chapter, we have shown that this was certainly not the case. Here, the type of merger was of limited importance whereas drivers, rationales and the merger process itself played a major role. In our cases, financial drivers were considerably easier to manage that cultural-ideological ones.

Based on our definitions, the merger of SIE and SU in 2008 comes near enough to what could be labelled a "hostile" takeover, and the merger of GUC and UU in 2013 is closer to the "friendly" takeover. To a large extent, this is also how they have come across in public debate. What first meets the eye is on the one hand an ideological battle fuelled by a national political agenda and disagreement on quality, and on the other hand a proactive, reciprocal process driven principally by financial and personal motives at the institutional level. However, this is not the whole truth. Our study also shows that there were elements of dialogue, trust and constructive cooperation between SIE and SU, not least at senior administrative level. Conversely, there were pockets of resistance and some controversies involved in the GUC-UU merger process too. Once again, it is important to emphasise that the "hostile" and the "friendly" are ideal types, and that real cases inevitably will position themselves somewhere in between.

The actor perspective is an undercurrent in both cases. Directly or indirectly, vice-chancellors, faculty members, administrative staff and politicians played crucial roles, either by promoting or by obstructing the merger processes. This type of rationale is less obvious in the official documentation, but comes across strongly in some of our interviews. The importance of actors in merger processes, therefore, may merit further study.

The cases also raise some interesting questions regarding success factors. We have seen that both processes have had some positive early effects e.g. in terms of new academic opportunities. This is particularly noteworthy in the "hostile" case of SIE-SU characterised by cultural incompatibility, which seems to contradict previous research. Perhaps this is an indication that mergers and takeovers that are turbulent in their initiation phases are not destined to fail, which may be a comforting thought. At the same time, it also depends on the definition of success. For example, our data show that former SIE staff members who were critical of academic drift do not view the current situation in such positive terms.

Another observation to do with success factors concerns the speed of the merger. Even though both takeovers had been preceded by prior cooperation, the actual mergers were implemented in a hurried fashion. While this was highly stressful for those concerned, it nevertheless suited some purposes and yielded some positive results. This, too, partly contradicts previous studies identifying e.g. lengthy consolidation phases and leisurely paced implementation as success factors.

More than anything else, the two cases point to the importance of contextual circumstances by way of national politics. The fact that the GUC-UCC merger took place some years later than the SIE-SU merger may have been the single most important determinant for how the implementation process went. In this time period, the role and approach of the government had changed from a force strategy to a voluntary (or "forced voluntary" at the most) strategy. Therefore GUC and UU had an easier process.

On a final note, the latter confirms the benefit of learning from past experience. In this connection, it may be helpful to identify not only the deterrents but also the examples of "best practices" amongst higher education mergers. Both higher education institutions and governments could learn valuable lessons from these.

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Chapter 10
Merger of Two Universities of Applied Sciences

Marja Sutela and Yuzhuo Cai

10.1 Introduction

This chapter reports on the merger between Pirkanmaa University of Applied Sciences (PIRAMK) and Tampere University of Applied Sciences (TAMK). It was one of the earliest mergers among university of applied sciences (UASs)[1] in Finland. The official merger process started at the beginning of 2008 with the planning phase, and the implementation took place on 1 January 2010. The merger was expected to enhance the internationalization capacity and the overall attractiveness of the successor institution in the student market. Following an analytical framework for understanding merger processes (Wan and Peterson 2007), we will analyse the three stages in the merger of PIRAMK and TAMK, namely merger planning, post-merger integration, and merger outcomes. While we provide a full account of

[1] Finland has binary higher education system, including research universities and vocationally- and professionally-oriented higher education institutions. The official name of the latter is called ammattikorkeakoulu. Although Finnish institutions translate their names in English as Universities of Applied Sciences, in the English versions of Finnish governmental documents (e.g. the Polytechnics Act and the Finnish Ministry of Education and Culture's websites), this type of institutions are called polytechnics. Nevertheless, the translation university of applied sciences is nowadays widely used in Austria, Finland, Germany and Netherlands, albeit the term has been a conversation piece (de Lourdes Machado et al. 2008).

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the merger process, the central research questions are: *How was the decision on merger made? And how was the merger implemented?*

This study not only adds more empirical knowledge to the pool of studies on mergers in non-university sectors, but also makes a contribution with a completely unique case, in that the successor institution is a university of applied sciences which is a limited company.

The chapter is organised as follows. First, the research methods are presented and the analytical framework for the study is introduced. Then we describe the context in which the merger took place, including the development of the UAS sector in Finland and the organisational characteristics of PIRAMK and TAMK. Next, we discuss the merger decision and implementation along the three stages of the merger: the merger's planning stage, process and outcomes. Finally, the major characteristics of the merger are identified, and some implications are drawn on what factors make a successful merger.

10.2 Methods

The study follows a qualitative case study approach, where the major methods for data collection and analysis are interviews and document analysis. The documents analysed include the minutes of the Tampere city council, and board decisions concerning the merger. Also, institutional documents like TAMK staff surveys during the period 2009–2013 were included. The authors also conducted interviews with three administrators, three teachers and one representative of the student union of the successor UAS during July and August, 2014. The interviews were conducted in English and transcribed *verbatim;* the material was altogether 72 pages. The interviewees are currently working at the post-merger UAS, but were previously employed by either pre-merger TAMK or PIRAMK. The details are shown in Table 10.1.

Table 10.1 Description of interviews and interviewees

Interviews	Interviewees	Position	Original organisation	Length of interview
Group interview 1	A1	Administrator	TAMK	60 min
	A2	Administrator	PIRAMK	
	A3	Administrator	PIRAMK	
Group interview 2	T1	Teacher	PIRAMK	60 min
	T2	Teacher	TAMK	
	T3	Teacher	PIRAMK	
Interview 3	S1	Student union representative	Both	60 min

10.3 Analytical Framework

In the literature on mergers in the higher education sector, various research interests are represented. A general distinction can be drawn between studies at a system level and at an institutional level. The system-level strand is beyond the scope of the present study, so we will concentrate here on the literature on institutional mergers. Studies at this level mainly consider two stages of the merger process. The first is the merger planning or decision-making process. The major concern of such studies relates to synergistic potential or mutual growth. This angle is exemplified by most of the articles in the book "Merging Colleges for Mutual Growth" (Martin and Samels 1994). The second stage is called post-merger process; studies dealing with this issue are usually concerned with the evaluation of academic performance in the aftermath of mergers (Martin 1996), and the investigation of problems in merger implementation (Curri 2002; Eastman and Lang 2001; Harman and Harman 2003; Harman 2002; Hatton 2002; Mildred 2002; Norgård and Skodvin 2002; Pick 2003; Skodvin 1999). The research on the second stage often concerns synergy realisation. Efforts are made to discover the factors leading to success or failure of a merger. Both types of study focus either explicitly or implicitly on the outcomes of mergers.

In this light, Wan and Peterson (2007) suggest a framework (Fig. 10.1) for understanding issues arising at the planning and post-integration stages of the process, and the implications of these issues for merger outcomes. The framework provides guidance for examining the merger process in the case presented in this study.

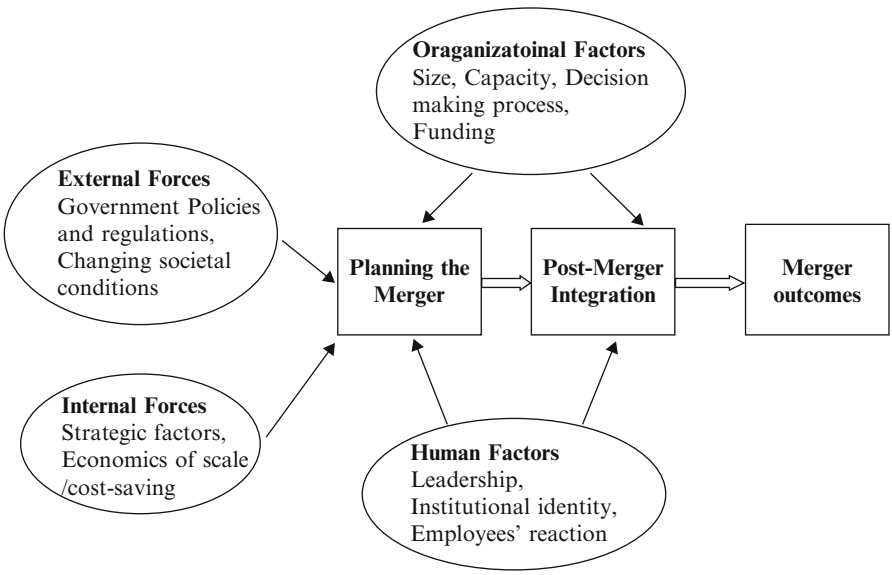

Fig. 10.1 A conceptual framework for understanding merger process (Source: Wan and Peterson 2007, 685)

10.4 Context of the Merger and Description of the Pre-merger Institutions

The Finnish UAS system was created at the beginning of the 1990s through a process of merging and upgrading secondary level vocational institutions. The aims were "… to raise the standard of higher vocational studies and to rationalise the structure of the educational system" (Aarrevaara et al. 2009). The reform also sought to enhance the orientation towards working life of the higher education sector, and increase its involvement in regional economic development. The UAS reform produced a dual system of higher education: traditional research-oriented universities and universities of applied sciences. The missions and tasks of the two types of university are different but complementary, and are stipulated respectively by the Universities Act and the Polytechnics Act. UASs have mainly been owned by municipalities or maintained by foundations or limited companies (Narikka and Nurmi 2013, 158).

During their short 20-year history, universities of applied sciences have undergone continuous reforms and changes. Multidisciplinary UASs were created in a relatively short time, raising the status of vocational education institutions from upper secondary to higher education level. In addition, their tasks were diversified to include research and development and international affairs. Since 2002, UASs have had the right to organise master's-level education. The latest wave of reforms took place in two stages between 2011 and the beginning of 2015. The first stage accelerated structural reform; teaching was concentrated in fewer locations, quality improved by creating stronger units and the regional influence of UASs increased. At the second stage, changes were made to the legal form and funding model of UASs; from the beginning of 2015, all UASs became independent legal persons and limited companies. At the same time, the basic funding of the UAS sector was transferred completely to the state, a model similar to that of university financing. All these changes have happened not only at the organisational and administrative level, but have also involved the operating cultures of the entire staff (Kosonen et al. 2015).

Tampere University of Applied Sciences (TAMK) was among the first UASs to be established in Finland in 1992. The licence become permanent from 1996. TAMK was a multidisciplinary higher education institution covering study fields in technology, business, forestry and media and arts. TAMK was maintained by the City of Tampere (Välähdyksiä - TAMK 10 vuotta 2006).

Meanwhile, on the opposite side of the same street in Tampere, another university of applied sciences was taking shape. This one, Pirkanmaa University of Applied Sciences (PIRAMK), started operating under a provisional licence in 1997, as a multidisciplinary UAS with a health care and service-sector orientation. PIRAMK received a permanent operating licence in 2000 (Uotila 2008; Häihälä 2005). PIRAMK has been a limited company since the beginning, maintained by Pirkanmaan ammattikorkeakoulu Ltd. The City of Tampere owned approximately 43 % of the company.

10.5 Merger Planning

According to the people interviewed for this study, it was clear that the Ministry of Education and Culture intended to merge UASs, and there had been years of discussions in the City of Tampere about the possibilities of merging TAMK and PIRAMK. So to some extent, the ground had been prepared before the merger planning began. In retrospect, the process can be thought to have started in 2007. That year, it was decided to turn the precursor TAMK into an independent company; the organisational transformation started almost immediately. In the process, closer cooperation and even merger with PIRAMK was seriously considered by the City of Tampere. In such a context, the staff of both institutions began to prepare themselves mentally, believing that a merger was inevitable.

Most of the interviewees did not consider the merger a bad thing in principle, but they reported that they had not been much involved in the planning process, and had not been kept fully informed about it either. Especially in the eyes of teachers, the merger planning and decision-making took place mainly at the administrative level. So although the staff were aware that merger was on the cards, the decision, in January 2009, came sooner than many expected, and actually came as a surprise to some middle-level managers of both PIRAMK and TAMK.

However, the preparation at top management level was quite thorough, and even considered by some interviewees as "wise" (A3, T3). Before the formal decision to merge was taken, both the maintaining bodies and the administrations of the two precursor UASs carefully considered the Finnish government's policy and made cost and benefit analyses of a potential merger between the two institutions.

The planning stage began in earnest in January 2008, when the City of Tampere, the main owner of both precursor UASs, set up a working group on the merger of PIRAMK and TAMK. Representatives of the City of Tampere, the board of PIRAMK Ltd, the management of both UASs and staff unions were appointed to the working group, which was required to finish its work by 30 September 2008. The working group also contracted external experts to make both educational and business analyses.

An education policy analysis was made on the benefits and disadvantages of the merger. Professor *Jorma Sipilä* was nominated to conduct this analysis. He had earlier worked as the rector and chancellor of the University of Tampere, a traditional research-oriented university in the same city. He had a good insight into education policy and thorough knowledge of the issues involved. Sipilä's remit was to clarify what the outcomes of the merger would be as regards the educational tasks of both institutions, and how the new institution would fulfil the aims of the Finnish education policy (Sipilä 2008).

Simultaneously, the financial and legal aspects of the merger were studied by the consulting firm, Ernst & Young. The main focus of this study was on clarifying how the merger process could be done in legal terms, according to the Limited Liability Companies Act, and how to build a new limited company whose finances would be on a solid base. Also, the ownership of the properties and possibilities to invest in

further development of the properties in the future were carefully studied (Ernst & Young 2008). In addition, the presidents of both precursor UASs made a background report on the education, R&D, and support services of their respective institutions.

Furthermore, steps were taken to engage staff at all levels in preparing for the merger. Over 80 working groups were formed involving staff from both TAMK and PIRAMK. Throughout 2008–2009, they collaborated on planning joint procedures for education and support services in a merged UAS. The discussions of every working group were published in the joint online communication system and could be followed by all staff members.

At this planning stage, the situation of the two institutions was as described in Table 10.2.

Table 10.2 Comparison of organisational characteristics between PIRAMK and TAMK

Year 2008	PIRAMK	TAMK
Legal status	Limited company	Part of the City of Tampere
Shareholders	City of Tampere (42.9 %),	
	Municipal Federation of Pirkanmaa Educational Consortium (25.5 %),	
	Western Pirkanmaa Educational Federation of Municipalities (13.4 %)	
	Mänttä Region Municipal Federation of Vocational Education (13.4 %),	
	Tampere Music College Foundation (2.5 %) and	
	Tampere Household School Association (2.5 %)	
Campus locations	Tampere	Tampere
	Ikaalinen, Mänttä, Virrat	
Number of students	3,283	4,458
Number of study fields	6	6
	Health care and social services	Technology, communication and transport
	Tourism, catering and domestic services	Business and administration
	Business and administration	Culture
	Culture	Natural sciences
	Natural sciences	Natural resources and the environment
	Technology, communication and transport	School of vocational teacher education
Staff	376	480
Premises, square metres	35,000	47,000
In Tampere	27,000	47,000
Budget	25.5 M€	34.0 M€

Source: PIRAMK and TAMK merger working group 2008; Ernst & Young 2008

In his report, Professor Sipilä strongly backed the merger of PIRAMK and TAMK, believing the merger would, enable better resourcing for international activities and paid education conducted in English, make the institution more attractive to new students, improve cooperation possibilities with interest groups, facilitate introduction of innovative degree programmes, and support rationalisation of administration and support services. Furthermore, the geographical proximity of the institutions' main campuses in Tampere was an exceptionally good starting point for a rapid and effective merger. Above all, merger would give the new institution the opportunity to become the leading UAS in Finland (Sipilä 2008, 36).

In its own report, the TAMK/PIRAMK working group presented the financial and legal measures required to merge the university of applied sciences owned by the city with the limited company. TAMK could be merged with PIRAMK Ltd through a business transfer, by which PIRAMK Ltd would increase its capital stock through a share issue for the city. The city would pay for the capital stock increase with a contribution in kind, in which TAMK's property and liabilities would be transferred to PIRAMK Ltd. After these changes, PIRAMK Ltd would become a subsidiary of the City of Tampere owned by the City of Tampere (87 %) and the rest by municipal educational federations.

The working group proposed the formation of a steering group to follow through the practical change process. The steering group members were representatives of the top management from both precursor UASs, representatives of their boards, and public officials nominated by the City of Tampere. In January 2009, Tampere City Council decided that a merger between TAMK and PIRAMK would take place through a business transfer, with effect from 1 January 2010.

It is also worth mentioning that when the merger was being discussed, the name of the new institution was hotly debated in several working groups, and was influenced by the following factors. Tampere is better known in Finland and internationally than Pirkanmaa, which is the name of the region surrounding Tampere. The city of Tampere is also a very attractive place to study, work and live. Thus, the name Tampere was therefore already a good brand. Eventually, the resolution was that PIRAMK would remain as the name of the limited company, while the name of the new university of applied sciences would be TAMK (Tampere City Council decision on 21.1.2009). The logo of the new UAS came from PIRAMK. So both merger parties could feel that they had a stake in the merged institution.

The name of the new institution was indeed a sensitive issue for the staff. Neither side wanted to "lose" their name and feelings ran high at times. As one interviewee said, "We were fighting about the name; we were fighting about the symbol." (A1). In the end, however, all the interviewees more or less agreed that the decision on the name was the most realistic option. As one of the interviewees commented:

> *When the name came as TAMK, I think it's actually clearer to people. It's the name of the city where we're located. I mean, the reasoning behind it is clear. And I think it was accepted quite quickly once the decision was made. But, at the beginning, that was a big symbolic fight. (A3)*

10.6 Post-merger Integration

The post-merger integration phase is key to the final outcomes of a merger. Existing studies on post-merger integration in the higher education sector reveal a number of factors which affect merger outcomes, such as time, the nature of the merger, the characteristics of the institutions involved, organisational structure, management and leadership, cultural differences, academic goals, institutional identity associated with the disciplines taught, and financial investment (Curri 2002; Currie and Newson 1998; Eastman and Lang 2001; Harman and Harman 2003; Kyvik 2002; Lang 2002; Norgård and Skodvin 2002; Skodvin 1999). From their different perspectives, all these authors share the view that a successful merger ultimately depends on the achievement of administrative and academic efficiency, and that achieving efficiency requires the effective participation and integration of staff members. Hence, in this section, we focus on the implementation process: *how the staff reacted to the merger, how the staff were integrated, and what major management approaches were employed for facilitating the integration.*

10.6.1 Staff Reactions to the Merger

Most staff members of both pre-merger institutions were surprised that the merger decision came so quickly, though they knew that merger was a strong possibility and perhaps just a matter of time. Once the decision was made, they responded quite pragmatically. Instead of arguing about the decision, they turned their attention to what the implications for their practical working life might be. This is clearly reflected in the interviews:

> *After the decision was made I think most of the staff, on both sides of the street, started to think immediately about what to do next and how to handle the emerging situations. (A3)*

> *But when the reality came and it would be true, then we started in the business. I was there started to think what benefits we can get out of that. (S1)*

Individuals' concerns regarding their future after the merger varied. The main concern, especially for administrative staff, was about whether they would lose their jobs. For most teachers, this was not such a big worry since the educational provision of the two pre-merger institutions did not overlap very much. However, one degree programme, business and administration, was common to both, and there was a feeling that TAMK's programme was stronger than PIRAMK's. Consequently, as one interviewee noted, "Especially in PIRAMK, they were very afraid at the beginning. But I don't think those from TAMK felt the threat since they knew that the business education would stay in TAMK anyways" (T1).

Those members of staff who had experienced at first-hand the organisational transformation which took place in the 1990s were particularly anxious. This was when a number of upper secondary vocational institutions were merged and

upgraded to form the first universities of applied sciences in Finland. As a result, some people lost their jobs at that time. As one interviewee noted:

> *For some people it (the merger) was threatening news. And what does it actually mean? How many people are still working in the new organisation? And things like that. So, that kind of thoughts came to the mind of the people who has been in the previous merger process… So it was a little bit similar. …. And, they felt a little bit threatened. (T3)*

The consensus among the interviewees is that only a minority of people were worrying and complaining. Nevertheless:

> *… that was a loud minority. So, they were making a lot of noise. To these doomsday wishers, everything is going to hell in a hand basket, we're all going to lose everything, and we have built everything and now we're going to lose everything on both sides of the street. But that was a very loud minority. (A3)*

10.6.2 Staff Integration

Integration of staff always involves mixing and changing of people's values and cultures. This seriously threatens the stability of accustomed norms, work behaviours and relationships which define the organisation's identity. In a higher education setting, the human factor has been considered to be of prime importance (Eastman and Lang 2001, 176). Because academics (who constitute the core of higher education personnel) have a higher level of autonomy than employees in industrial sectors, a supportive attitude among the academic staff is especially important in higher education mergers. Otherwise, they can generate great tensions and resistance to change.

When it comes to post-merger integration, it is necessary to know what the differences are between the values and cultures of the staff of both sides, and to what extent staff contacts and collaboration are already taking place. The cultures of pre-merger PIRAMK and TAMK were perceived as being quite distinct. In the eyes of PIRAMK interviewees, the differences between the two institutions were as follows.

> *I'd say we (PIRAMK) had the opinion there, that we were small, proud, rich, independent, and on the other side of the street, they were opposite. (A2)*

> *TAMK seemed colder, calculated, business-oriented, part of the city organisation, so very hierarchical, many levels of administration and, slow to react. Because, we (PIRAMK) were smaller, on the other side of the street, as a limited company. So it was easy to react. Our study fields were softer and more humanities-based fields of study, so, it was kind of, well, David and Goliath, kind of thing. (A3)*

> *In TAMK, I felt that they had quite complicated management because of the Tampere city. They were part of the Tampere city, and the bureaucracy came from Tampere city. And PIRAMK was, own firm, so that they had a much simpler way to administrate (T1)*

To a certain extent, these views were shared by TAMK's staff as well. As one former member of TAMK's staff (A1) reported: "Yes, I thought that before the

merger TAMK, my old organisation, was a little bit old-fashioned organisational culture though still open, much of delegation in the lower levels". However, she continued:

> *We didn't do much (collaboration) with PIRAMK…So I didn't knew them very much, very well, but my feeling was that in PIRAMK they work under the rule of managers, and directors and so on, up to bottom, strictly. And strong persons and personalities in high positions. It was the feeling. …Despite of the bureaucracy and slow moves of TAMK, we had been more open. It seemed to us that PIRAMK was very strictly organised and ruled.*

As one of the former PIRAMK interviewees explained, "We had a lot of locations. So there had to be strict rules so that everyone would play in the same manner" (A3). But she still supports the view that PIRAMK also had an open discussion culture: "it seems that, despite the level of managers, everyone knew each other, and they could talk about their, family life, or their hobbies and things like this. So, it was a more open discussion culture".

Although all the interviewees emphasised the cultural differences between PIRAMK and TAMK, they had difficulty providing concrete examples of what the differences actually were. When one interviewee was asked to put his finger on a specific difference, his reply was still quite general. By analysing the interviewees' reflections, it is not apparent what the value differences between the two institutions were. We found that, although all the interviewees believed their own organisation was more open than the other, openness actually seems to have been a value shared by both TAMK and PIRAMK.

On the subject of management style, interviewees from both pre-merger institutions agreed that there was more bureaucracy and less administrative efficiency in TAMK than in PIRAMK. For instance, as noted by one interviewee (T3), PIRAMK was more flexible in budgeting and making investments than TAMK. They all thought such differences arose from the nature and respective ownership models of their organisations: TAMK was owned by the City of Tampere whereas PIRAMK was a limited company. This was explained further by one interviewee:

> *The bureaucracy was quite strong, because we were part of Tampere. And, if we made some profits, we couldn't use it ourselves. Rather the City of Tampere was keeping the profit. And it was quite bureaucracy, which made planning quite long and hard. Now we are a firm, we have much more freedom in planning for long term. (T2)*

Some other differences between the two institutions were reported, such as the fact that there were more female students in PIRAMK than in TAMK due to the different study fields of the two institutions. This implies that there might have been different cultures in the two institutions associated with the disciplines studied.

The inferences to be drawn from the above discussion might be that in terms of basic norms and values there were not many differences between the staff of both pre-merger institutions, while the biggest contrast between the two sides was in their administrative approaches. Thus, the interviewees reported that the staff integration after the merger was relatively easy and smooth despite some initial conflicts.

> *Actually I think that the people think in the same way and it's quite easy to work together. I don't find that they have any problems (T1).*

…but there are not any more (conflicts). We had at the beginning. (A1)

Now, I don't think that there's long-term conflicts that are remaining. But, as you know, organisational culture takes a really long time to change. (A3)

The relatively quick integration can be largely explained by the finding that the two sides did not differ much in values. Nevertheless, integration also requires appropriate management strategies (Cai 2007). In the next section, we will explore the management approaches that made the integration successful in a relatively short period of time.

10.6.3 Management Approaches Towards Integration

What were the management approaches used to promote staff integration? The interviews reveal three major ones: (1) quick management integration, (2) doing things together, (3) open communication channels and ceremonial approaches.

10.6.3.1 Quick Management Integration

In May 2009, the board of PIRAMK Ltd decided that a temporary president/managing director should be appointed, whose task would be to launch the change process. Joint management group meetings of PIRAMK and TAMK started in June. Also, a staff survey related to the up-coming change was published, and strategy work for the new TAMK commenced.

The new TAMK president/managing director was appointed in September 2009. In November of the same year, the board of PIRAMK Ltd selected the members of the top management group for the new university of applied sciences. In December, the board of the new institution was appointed, and the administrative rules were approved. The new organisation was formed and directors and heads were nominated in the spring semester 2010.

The next step was to integrate the administrations of the two pre-merger institutions. The key for this integration was the appointment of department heads. In the new institution, each department needed a head or director, but the challenge was that there were two persons for every job. Who would get the position in the new institution? According to some interviewees (A2 and A3), there were three approaches to selecting the department heads. The first one was where one of the "old" department heads was either going to retire or got a job offer elsewhere, so there was only one candidate left. Unfortunately, such cases were few. Second, some positions were openly advertised. Third, in some cases, one of the two "old" heads was directly appointed. Overall, "there was not a clear procedure…and that made people a bit upset because they didn't know clearly what was going to happen with the recruitment of each department" (A3). Regardless of these, the management teams were integrated quickly in the beginning of the merger.

10.6.3.2 Doing Things Together

As one interviewee (A2) pointed out, the lack of mutual understanding between pre-merger TAMK and PIRAMK was mainly a communication problem, and having the same physical location was crucial for successful integration. In order to get used to the idea of being together, the staff from both sides needed to do things together. As we have seen, collaboration had already started in 2008, with the numerous PIRAMK/TAMK working groups which prepared new working procedures for the merged institution in all functional areas.

From 2009, joint staff days were organised, where change-related matters were addressed in different ways, including humour. When asked the question, "what were the major approaches used by the new administration to integrate the teachers from both institutions", one interviewee (T3) responded: "I think those joint occasions we have were very important…During the years, there have been several different kind of joint occasions for the staff. (The joint occasions) created spirit that we are working in the same university". This point is echoed by another:

> *It was very important to do work together for finding the best practices. And that helped our staff better learn from each other, and started to leave those memories of ex-organisations and to talk people from the other sides….But it was hard work, and we started then.(A2)*

Best practices were shared in staff development days for the whole organisation. The different study fields also had their own joint meetings, where ideas about new learning methods were shared, and new learning environments were presented. In addition, a large-scale curriculum development process was initiated, which brought teachers together from different study fields.

10.6.3.3 Open Communications and Ceremonial Approaches

When doing things together, staff from both sides were able to talk to each other and hence enrich mutual understanding. From the perspective of the university administration, too, communication was an important tool for mitigating the anxiety felt by the staff after the merger. Throughout the merger preparations from 2008, special attention was paid to internal change communication. The joint communications team of PIRAMK and TAMK had the task of distributing impartial information on the merger preparations. The team visited the Helsinki metropolitan area to learn from the recent merger of two other universities of applied sciences into the new Helsinki Metropolia University of Applied Sciences. According to Metropolia's experiences, the best approach was to be brave and take the initiative in change communication, without forgetting the students (Entäs ny? 2011).

Forming all the working groups, and making their deliberations open to the entire staff was part of this approach. The staff appreciated this open communication and believed it helped the staff integration process. This is reflected in one interviewee's statement:

> *I think the synergies are now being seen in administration as well. Because, slowly things are starting to be as they should be. I think those working groups were really good because all the processes and all the procedures, all the documentation needed to be gone through. (A3)*

To integrate the people and especially the culture, some ceremonial approaches were adopted as well. For instance, a bridge was built soon after the merger, connecting the two campuses across the street. Moreover, in 2009–2010 a leaflet called "It takes 2 to TAMK" was published twice a month, to keep the staff and students of both "old" TAMK and PIRAMK up-dated on the progress of the merger preparations. The educational fields, staff and facilities of both institutions were presented in the leaflet. It also presented joint projects and kept people informed about important merger-related dates, decisions, measures and achievements. One of the regular items in the leaflet was a cartoon which followed the adventures of a young couple called Taru and Pietu as they moved in together. One of them was a student of TAMK and the other a student of PIRAMK, and their story mirrored the merger process. Their new shared home symbolised the merged TAMK; the cartoon caretaker of their apartment building bore a striking resemblance to the recently appointed president of the new TAMK (Entäs ny? 2011).

In addition, a communication channel was opened in the intranet, where staff and students had the possibility to make comments, express opinions and ask questions on all aspects of the merger. However, making information available does not lead automatically to information uptake. The pace of worklife is such that tasks must be prioritised. For many people not directly involved in the process, keeping abreast of preparations for a possibly distant merger felt less urgent than many other tasks on the daily job list. This is the most likely explanation for the fact that, despite the heavy emphasis placed on open communication, interviewees reported that some sections of the staff felt that they had not been fully informed.

10.7 Merger Outcomes

As we showed in the previous section, the management of the new TAMK recognised that staff integration and support were crucial to the long-term success of the merger (Cai 2007) and gave this issue high priority. And with some provisos, the effort paid off. However, work tasks had to be reassigned in many cases, and inevitably, some of those affected were unhappy with their new tasks. Unfortunately, a few even resigned. Furthermore, staff satisfaction was only a condition for achieving the real goals of the merger, not the goal itself. So in this section, we will turn our attention to the main goals of the merger, and review to what extent they have been achieved.

One of the primary aims of the merger was to put the finances of the merged institution onto a solid footing, and this aspect is one of the easiest to measure. Since the merger, TAMK's financial results have been stable; in each of the financial years 2011–2014, it has even ended the year in surplus. This is particularly good news because state funding for UASs is being cut in Finland, so this improvement in its financial situation puts TAMK in a much better position to face these cuts. It has also enabled investment in new facilities and learning environments.

Another important aim was to raise academic standards, but it is very difficult to measure the academic performance of an entire institution. Reputation, however, if often used as a proxy (Marginson 2006), and for this, several inputs are available for analysis. First, we have the findings of a higher education image survey conducted by Taloustutkimus Oy, an independent consultant. It found that TAMK's brand is strong; its degrees have a good reputation among employers and its fields of study are attractive to students. The strength of the TAMK brand is confirmed by the representative of the students' union who was one of the interviewees. He reported that some PIRAMK students actually delayed their graduation so that they could graduate from the new TAMK rather than the old PIRAMK.

As he said,

> *Probably, there were some students who didn't graduate in PIRAMK because they wanted to graduate in TAMK. So they waited a couple of months and after the merge they took the degree from TAMK. So probably someone though that TAMK was a little better or something like that. (S1)*

TAMK's post-merger ability to attract new students is also easily confirmed. National statistics on the numbers of applicants show that TAMK was the most popular Finnish UAS in every year from 2011 to 2014, especially for regular, full-time degree studies. When we analyse the reasons for TAMK's growing popularity, the opinion of the student union representative is worth mentioning; he suggested that Tampere as a city is what attracts applicants, not TAMK as an institution. Although the attractiveness of the Tampere brand is not in doubt, it does not explain the *growth* in TAMK's application numbers since the merger took place.

According to the other interviewees, too, the new institution has become more attractive to students and gained a better reputation both domestically and internationally. Whatever the reasons for it, the large and growing number of applicants is an excellent outcome. It means that TAMK can select the best applicants, which is later reflected in a high graduation rate overall, and, even better, a high rate of graduation within the recommended timeframe.

The merger of TAMK and PIRAMK was also expected to improve organisational efficiency, and any evaluation of the merger outcomes would be incomplete without a consideration of this issue. The people interviewed for this study are generally positive. As one interviewee put it (A2):

> *I think the merger has been a success, generally speaking. … I think it's been organisationally really good. …It has brought a lot of effectiveness and efficacy into our processes. I think that is the main benefit. …Also we have a clear image of regional role.*

Several specific examples of how services have improved were cited:

> *… So (for the staff) members, the benefits were immediate. You now have a working pair. You now have someone who is your substitute when you're sick, when you're on annual leave or something, so it's not all resting on your shoulders. For the staff, it was an immediate benefit. (A2)*

> *Positive side is that, we have created this one big campus area here in Tampere. If you need study counselling or something like that, library or, anything, International Services, exchange, do you want to talk about exchange or something like that, in one campus area, one big one, you can get these any time. (S1)*

When there was TAMK and PIRAMK and there was small campus areas in Pirkanmaa, so there was International Services on Wednesday or on Thursday or-, the most, the best thing is, you get these services every day. And, you don't have to-, if you think about TAMK, you don't have to keep seven libraries, you can keep one or two and, it's-, of course it's, the one is better (then), because you don't have to.. So, it was probably the best thing. One big campus area. (S1)

Some criticisms to merger, too, were raised in the interviews. The IT administration system is considered too complicated (T1). It is sometimes difficult to find out who is responsible for providing particular services (T3). The management structure is thought to be over-weight, with too many layers of administration (T2). Size has made some things too complex. In the words of one interviewee:

And, the worst thing is, this is so large organisation now. You can't know everybody. You can't know who is doing what and sometimes it takes quite a long time if you want to talk about something, when you find out, (who you should talk about), and that kind of thing. So, sometimes it's, yes, you don't know people and, you don't know what they are doing… .(S1)

But other interviewees believe that size is only a good thing:

The organisation is probably better. And because we have quite a big university, I think we have benefits from our big size if we compare to the two different universities before. (T2)

I think it was a success because I think the bigger unit has better possibilities to survive in the future, compared to smaller ones. (A2)

The above words indicate that the views on efficiency outcomes are somewhat mixed.

Overall, when the time factor is taken into account, there are good grounds for optimism. In a staff survey conducted in January 2010, immediately after the merger, stress and uncertainty among the staff were at their worst, which showed in the results. About two thirds of the respondents reported that they knew the post-merger institution quite poorly or very poorly. Less than half of the respondents thought that the best practices of each institution were being incorporated into the operations of the new TAMK. The lowest score of all was given to the way the change process was being managed (PIRAMK and TAMK Muutostilanteen henkilöstötutkimus 2010).

But if we compare the situation in January 2010 with the situation even 3 years later, a clear sense of progress is noticeable; the latest staff survey, in 2013, shows that the confusion of the change had subsided and the organisation had settled down. The overall score (in 1–5 scale) for operational management had risen to 3.5, up from 2.9 in 2010 (Henkilöstötutkimukset 2013).

At the time of the interviews in the summer of 2014, the mood had lightened still further, and a new confidence in the future could be seen in the contributions of academic staff and students alike:

I think that, (when the time is running), the attitudes are becoming more positive, every year, more and more. Because, quite few think about the past and the Piramk, and they are going, going ahead, and think that, now we are being in the new Tamk, and we are creating a new, organisation here. (T1)

(The merger) is quite successful …(We) are very much happier. (T2)

There are always someone not satisfied on anything…. if you ask for the individual teachers, would you like to go back? I don't think there are many (want to go back).

Overall, it was very good thing. Yeah, of course. Yeah. …I know some things are not so good but there are more better things those. (S1)

When evaluating a merger, time is always an important factor. It may take 10 years or more to achieve the set objectives. In the case of TAMK, at the time of writing it has been only 4 years since the merger, so the organisation is still in the process of post-merger integration. The current situation, with its upsides and downsides, is well expressed by one of the interviewees.

Now we are laughing (about our reactions after the merger was announced)…. We find quite funny and humorous afterwards. But at that point they were really not funny. But those were (normal) human reactions. People were resisting to change, all sorts of things. We're still waiting for the procedures to be done. They have not done yet. There are still departments that are seeking for correct operational models. Some have not really started integration. Some are already quite far in the merger process, and people don't even remember who came from which side, and so on. …But I don't think we're done. It has only been four years, and people say that it needs 10 years before an organisation gets settled. …But then in 2012, I think we're starting to see the benefits for the first time. (A3)

10.8 Conclusions

The analysis of the merger of the two UASs generally confirmed that the factors affecting the merger planning and implementation are consistent with the ones suggested the analytical framework (Wan and Peterson 2007), although our study is mainly aimed to understand the merger process rather than factors affecting mergers. Nevertheless, we have discovered a few factors that enable the relatively success of the merger.

To a large extent, this success is related to the nature of the post-merger institution, a limited company which is quite unique among higher education mergers. As a limited company, the new TAMK is a stronger and more independent actor when it comes to financial management and decision-making. Important investment decisions concerning, for example, building new learning environments, can now be made flexibly and rapidly, without going through multi-lateral procedures.

In an earlier study, one of the authors of the present article points out that effective management is crucial to a successful merger (Cai 2007). Our current study elaborates on this idea and illustrates the important managerial actions which facilitated post-merger integration in the TAMK/PIRAMK case. The people interviewed for this study confirm that the merger process was managed in a systematic way and was well-organised, although it is interesting to note that opinions on how the change was managed have become more favourable over time.

One of the significant managerial choices made in this case was to get large numbers of staff and students heavily engaged in the preparation and implementation of the merger. The work carried out in more than 80 different working groups was

invaluable to the smooth introduction of joint work procedures throughout the new institution.

Any merger is a very challenging process for the personnel. In this case, the merger process was so fast, that it was difficult for everybody to keep abreast of the situation. The first enabling decision was taken in 2008, and at the beginning of the academic year in August 2010 the new TAMK was fully operational. In these circumstances, the importance of internal change communication can hardly be overestimated.

The ceremonial approaches are also very important. In this merger there were lots of joint occasions, like planning and development days, throughout the planning and post-merger period. According to the interviewees, these activities were much appreciated. The steady improvement in indicators of staff integration since the merger took place in 2010 suggests that these events have significantly eased the integration process though some staff members felt ill-prepared for the merger at the time.

It is much easier to build a new organisational structure than to change the organisational culture. In 2015, the merger outcomes concerning academic performance had not yet become clear. What is beyond doubt is that the new TAMK is the most attractive UAS in Finland among applicants. The study processes are effective and the graduation rate is on average the highest in Finland. But developing the organisational culture and progressing in academic terms towards meeting the demands of the twenty-first century – the era of digitalisation, interdisciplinary knowledge, and RDI activities – still needs more time.

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Chapter 11
A Complex and Messy Merger: The Road to University of Eastern Finland

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11.1 Introduction

The Ministry of Education and Culture proposed structural improvements in universities aiming to enhance the overall performance of the innovation system and its capacity for renewal (Turunen 2008). For this purpose, the Government published in the beginning of 2007 a background report on universities' financial autonomy and administrative status of the reform (MINEDU 2007a). This document shared some views on the 2005 Government decision, and in the OECD Thematic Review of Tertiary Education background report (MINEDU 2005). In the Finnish university sector there were several proposals made to merge universities or to develop their closer co-operation and partnerships, but the focus on structural development has had an impact on the entire university sector, pushing it to implement the Universities Act vigorously, since the first phase of the university reform was focused specifically on procedural questions.

UEF was formally established in 1.1.2010, but the process that eventually led to a full merger had already started in the spring of 2006, when the universities begun to negotiate about deeper collaboration. The University of Joensuu (established in 1969) and the University of Kuopio (established in 1966) merged into the

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University of Eastern Finland (UEF) in the beginning of 2010. The merger was one of the main goals for structural reforms established by the Ministry of Education and Culture in early 2008 aiming to reduce the number of universities so as to improve the efficiency and effectiveness of the universities (MINEDU 2008; Aarrevaara et al. 2009).

The two merging universities were about the same size, but had complementary academic profiles. The University of Joensuu offered master and doctoral education in the humanities, natural sciences, social sciences, business, education, agriculture and forestry, theology, and psychology. Although the structure of the disciplines was relatively broad, the focus on education and social sciences was strong. The University of Kuopio, in turn, operated in the fields of social sciences, business, natural sciences, technology, medicine, health and pharmacy. The University of Kuopio was particularly regarded as a research-intensive university, having a strong focus on medicine and related fields. Molecular medicine, bio-technology, and medicine and environmental research formed a strong teaching and research center in the University (MINEDU 2007b). The two universities thus provided education in the different disciplines, which did not justify rationalizing course offerings and research in order to achieve cost savings and effectiveness (Harman and Harman 2003).

The merger involved both governmental and institutional initiative which is characteristic of contemporary higher education mergers. While the majority of mergers internationally had previously been solely government-initiated aiming to solve problems of fragmentation, the institutions themselves have become increasingly active in seeking a suitable partner to merge with (Harman and Harman 2008). The UEF merger process was initiated by the Ministry of Education and Culture as the part of the structural development of Finnish higher education, aiming to enhance the international competitive advantage of Finnish universities (cf. Tirronen and Nokkala 2009). Initially, the Ministry suggested a strategic alliance between the two independent universities. As the process evolved, however, the collaboration took – from the universities' own initiative – the form of a full merger. The UEF merger can be considered as a voluntary merger as described in the introduction chapter of this volume.

There was a full reason to expect a relative smooth merger process. As it turned out, however, the complexity of the merger process became evident only after the actual merger in 2010. It seems that the complexity was related to the divergent academic cultures in the two merging universities and how the merger was initiated and communicated by the management of the new university. The academic, administrative and management culture was very different in the University of Joensuu and the University of Kuopio. The challenge to merge such divergent cultures, and to create a shared academic culture as well as to bring internal coherence to the merged institution has been widely recognized in the extant literature (Buono and Bowditch 1989; Martin and Samels 1994; Harman 2002; Norgård and Skodvin 2002). As Harman and Harman (2003, 37) note, the integration is particularly demanding when historically and symbolically non-complementary cultures are merged: "even when institutions seem to be highly compatible and able to achieve

profitable merger synergies, they often possess underlying cultural difference that can seriously impede integration". Cultural elements are deeply embedded in academic institutions, and therefore they have a great influence on institutions' everyday activities (ibid).

More specifically, different disciplinary cultures have also been recognized and their differences have been described in the extant literature (e.g. Becher 1987, 1994). It has been observed that disciplines have their distinctive cultural characteristics, due to which they differ both on social behavior and on their epistemological considerations (Price 1970). Despite of this, the significance of disciplinary cultures is being largely ignored in university merger practices – as was the case also in the UEF merger. While the culture in the University of Kuopio, with a strong Faculty of Medicine, could be characterized as overriding, straightforward and managerial, the culture of Faculties of education and social science at the University of Joensuu was rather negotiating and collegial. The new university was developing a 'virtual culture' in terms of Berquist and Pawlak (2007), aimed at achieving technological and social modernization with its roots as well as a sense of community.

In this chapter, we address the issue of complexity by illustrating it with the case of the merger of the University of Eastern Finland. We aim to describe and analyze the merger process by answering the following (research) questions: what were the key goals of the merger and the rationales of it, how the merger process progressed and how it was implemented and what were the outcomes and key effects of the merger. These questions are studied particularly from the viewpoints of education, research, organization and management. We consider the case of UEF as an example of a full merger, in which all assets, liabilities and responsibilities of the two merging institutions were transferred to a new entity. Although, the differences between the campuses of the UEF still exist, the university is slowly moving towards coherent educational communities and cultural integration (Harman and Harman 2003). Research data for this chapter consists of the memos (e.g. minutes of university boards, memorandums of 20 working groups and executive committee memorandums), statistics and reports that were produced during the merger process (Tirronen 2008, 2011a). The evaluation of the merger was designed by utilizing the idea of engaged scholarship and collaborative research. It included both evaluation research, which aimed at analyzing the outcomes, process, best practices and nature of the merger but also action research by producing knowledge for the governance and management of mergers (Van de Ven 2007).

11.2 Key Rationales for the Merger

The University of Joensuu and the University of Kuopio had both pragmatic and strategic goals in deciding on deepening collaboration. The universities launched a strategic alliance that later turned into a merger – in order to receive the government regulated degree-granting right of business studies. In addition, the universities aspired to strengthen their competitive advantage and the internationalization of research and education.

The rationales of the Ministry of Education and Culture, in turn, were related to the wider reform of Finnish higher education. The aim of the structural development was to enhance international competitiveness of Finnish universities in general. It was considered that universities in Finland required structural synergies (e.g. internal reorganizations, multidisciplinary, critical mass) and economies of scale (mergers, alliances). (e.g. MINEDU 2006, 2008.)

The three rationales for university mergers were targeted at:

1. Competitive advantage
2. Enhanced internationalization
3. Structural rationales of system

Based on these rationales, the universities were required a strong grip on anticipation and reaction, in which they could direct their activities in their focus areas. As a consequence, the universities' financial autonomy and administrative status were strengthened in regulation. The first phase of the university reform was focused specifically on procedural questions and structural reforms (Aarrevaara 2012). Mergers were at the core of the first stage of university reforms until the new legislation came in to force since Jan. 2010.

The crucial precondition for the merger and the general reform of the Finnish higher education sector was the passing of a new Universities Act in the Finnish Parliament in 2009. The Act, coming into force in 2010, separated universities from the State, turning them into independent legal entities and increasing their financial and organizational autonomy. Two other university mergers took place in Finland at the same time with the merger of the University of Eastern Finland as described in Chap. 4 in this book.

11.3 The Gradual Progress and Implementation of the Merger Process

The UEF merger was implemented bottom-up in over 20 working groups during a 5-year period. The merger was gradual and it progressed from strategic alliance to a federation and finally into a merger. The merger process can be structured along the following four phases (Tirronen 2011b):

1. Project proposal phase,
2. Project development phase ("Vihko working group")
3. Project refinement phase and
4. Implementation phase (Table 11.1).

Phase 1 (2006) At the start in August 2006, the idea of cooperation was built around *strategic alliance*, where two autonomous universities would collaborate in particular fields (namely in business studies, social sciences and in certain administrative fields). One of the key aims was the degree granting right in business studies, that universities aimed to receive from the Ministry of Education and Culture.

Table 11.1 The phases for the merger of two universities in Eastern Finland

	Phase 1 (2006)	Phase 2 (2006–2007)	Phase 3 (2007–2010)	Phase 4 (2010→)
Form of co-operation	Alliance	Federation	Merger	Post-merger (one strategy)
Rationale	Strategic partnership	Structural reform	Modernization with local roots and a sense of community	Establishment of a new university
Goals	Co-operation in certain disciplines and fields of administration	Organization effectiveness, and organization structure based on 11 faculties	A new university as a full-scale merger	Joint organization culture and governance
Outcome	Project results	Joint faculties for the two universities and support services (economies of scale)	The creation of UEF culture, integration of campuses, and establishment of interdisciplinary research groups and educational programs	Mutual benefits of campuses defined in strategic goals, education reforms: less programs, joint focus area

The initial project proposal was a blueprint with no detailed roadmap to a merger, and it was defined after negotiations between the Ministry and these two universities. The Ministry asked for a new proposal and the universities improved it by adding a structural element, a federation as a basis of cooperation. The idea of the federation was introduced by the universities. This redefined proposal met the requirements of the Ministry of Education and Culture who then selected the federation of the Universities of Joensuu and Kuopio as one of the three spearhead projects in the national structural development of universities.

Phase 2 (2006–2007) In October 2006, the Ministry of Education and Culture appointed a working group headed by a former Director General of Academy of Finland, a professor, to prepare the cooperation (MINEDU 2007). The working group was driven bottom-up in the two universities and the actual work was executed by subgroups in the various fields of central administration and support services, the faculties of social sciences, natural sciences and business studies. The three faculties were chosen on purpose; both universities had academic disciplines – and therefore overlap – in these fields. The working group published its report, called Vihko Report, in February 2007, suggesting that the new university would be built around two joint and 11 independent faculties. Majority of the academic disciplines were excluded from the planning process at this stage, because the idea was to build up a university federation. The federation model comprised of two independent member universities, which would have joint and independent operations – for example joint faculties and joint support services, but also faculties and administration, which would remain under the authority of member universities. The bonds of relationship evolved much more compulsory and formally. However, a federation as an organisational model requires more than two universities in order to be a rational and efficient regime (Tirronen 2014).

Phase 3 (2007–2010) In March 2007, the Ministry of Education and Culture and the two merging universities negotiated on the working group report in pursuance of their annual performance negotiations. The Ministry decided to allocate 11 million Euros for the project for the years 2007–2010. The Ministry also insisted that the cooperation should be more extensive to include other faculties, units and departments too. There were no explicit expectations of a full merger, but a question of it was floating beneath the negotiations.

Two months later, in May 2007, the university boards of Joensuu and Kuopio approved the project plan, and nominated a project management and 20 internal working groups at the Universities of Kuopio and Joensuu. The management group consisted of two rectors and two directors of administration of the universities of Joensuu and Kuopio, and the vice-rector of the University of Joensuu. The management group had significant responsibility and authority in the integration process. The working groups, in turn, were responsible for the actual planning work of the collaboration. The plan was based on the Vihko Report and did not include the most recent requirements from the Ministry. As this defective plan was followed in decision-making, it had some biases, even negative impacts on the integration later. For example, more than a half of the project funding was granted to the three faculties – natural sciences, social sciences and business studies – defined focal in the federal university and in the Report by Reijo Vihko. The funding decision was implemented even though the idea of the merger was right around the corner, and which would have supposedly affected the funding arrangements. Considering how the federation turned into a full merger, the management group made the funding decisions much too early. As plans and funding requirements soon changed, the management group's hands were tied.

The idea of a full merger strengthened during the summer of 2007. As the management group negotiated about the future of the federation, it came to agree on aspiring to a full-scale merger. In August 2007, the management group started planning for the organization and academic structure of the merging universities. The boards of the universities were aware of the state of the process, but the academic community became confused. The aims of the collaboration and the integration process had suddenly changed. Communication was insufficient and incomplete, and the uncertainty increased within the community. Four different organisational structures had been discussed, and in November 2007, the management group decided to continue with the one that comprises three to six faculties. A strategy seminar was held in December and the proposal of the structure for the new university was presented there. The full merger was now an actual aim, even though the formal decisions were yet to come. Thus, the seven month time period from May 2007 to December 2007 witnessed a radical change to the process. A partial federation turned into a full merger during the summer vacations 2007, when management group negotiated informally about the aims of the process. The basic idea of the new structure was to enhance interdisciplinarity by merging 14 faculties into four. The process did not progress without any contradictions and there were different views about the placement of disciplines in natural sciences, educational sciences, social sciences and humanistic sciences. Eventually, in April 2008, the university

boards of Kuopio and Joensuu decided on the organisation structure of new university. Preparations for the merger started in spring 2008 and lasted until August 2009, when the first board of the University of Eastern Finland was chosen. The new Board became in charge for planning the merged university.

Phase 4 (2010 Onwards) On 1 January 2010, the authority and responsibilities of the Universities of Joensuu and Kuopio were transferred to the UEF, and the new university officially began its operations. In March 2010, UEF board decided the first UEF strategy and its implementation.

All the way, the Ministry of Education and Culture had emphasised steering at a distance, and encouraged the universities in playing an active role in the development process. The Universities were not forced, but clearly encouraged, to merge and there was not direct top-down pressure. The merger was in many ways university-driven, and led by the management group. The role of the academic community was executive rather than influential. Merger included mutual benefits from the view of the Ministry of Education and Culture and universities. The governance of the merger was implemented by the UEF management group, which consisted of rectors and directors of administrators of both universities. The path towards the merger was defined by a relatively small amount of key persons, who determined large-scale decisions.

The UEF board decided on a new strategy in 2010, in which the strategic strength areas of the university's research were defined. At the start of the strategy process, the management group stated that strategic choices would be made from the basis of research-based indicators, mainly by the quality and productivity of research and existing strong areas. However, during the strategy process, the arguments for the choices changed and the interests of merging universities started to have a great impact on strategy process. It thus seems that the decisions were made behind closed doors and based on unaccountable criteria. The decisions made about the focus areas in research were, however, most essential concerning the future of the merged university; great amount of resources was distributed to the key research areas. Altogether, 15 million euros were allocated to 13 strategic spearhead projects during the period 2011–2015.

An example of how campus centrism and conflicting interests affect decision-making can be found in the Department of Physics and Mathematics. The building of this new department started in spring 2008, when the UEF board decided on the organizational structure of the university. The aim was to create one single department by merging three existing departments that operated in both Joensuu and Kuopio campuses. Although, the research profiles of the existing departments were different, there was an overlap in bachelor programmes that were important to both campuses (for the purpose of their master and doctoral education). Conflicts arose right in the first planning meeting, where representatives of one campus proposed that the bachelor education should be closed down in another campus. The mutual trust was gone and the result was that the bachelor education continued in both campuses. The joint department was ran in a chilly atmosphere for two years until in 2010, it was divided into two departments, one operating in Joensuu and the other in Kuopio. At the same time, the management and the board of UEF decided to drop

Table 11.2 General timetable of the merger

August 2006	University of Kuopio and University of Joensuu decided to intensify cooperation
October 2006	Ministry of Education and Culture appointed a working group to prepare cooperation
February 2007	Working group submitted its report
May 2007	University boards decided on forming of a federal university
April 2008	University boards decided on the structure of the new university (Process shifted from federation into merger)
August 2009	UEF Board's first meeting
October 2009	UEF Board selected UEF rectors
January 2010	UEF started its operations
March 2010	University board decided on UEF strategy and its implementation

one of the carrying principles of the merged university; namely that campuses could not have the same discipline in two or more departments. As a result, there were no clear guidelines for the overlapping disciplines. As communication was neither open enough nor transparent, the doors were all open for 'cabinet politics'.

It seems evident that in the Ministry of Education and Culture merger was seen positively in a light of modernization with demands for external imperatives and demands from a variety of stakeholders (Pinheiro et al. 2014), and at the university leadership level there was a commitment for the merger. The staff and other stakeholders have, however, had difficulties in following the dependence path. The reforms took place in a relatively short time, and information was rather asymmetric. Also the management of the merger was at times too top-down in orientation and there were uncertainties about the path and the progress of the process. There were also disagreements about how the academic structure should be organized and in which faculties and departments the academic disciplines should be placed.

11.4 Outcomes of the Merger

The UEF merger was a large scale process, which produced organisational synergies through the reformulation of organizational and academic structure, administration, decision-making and management system. The UEF merger materialized as a full merger whose outcomes were relatively significant.

11.4.1 Rationalization and Efficiencies

The UEF reduced administrative costs by 4.25 million EUR by the end of 2010 (Tirronen 2012). Reduction was mainly done by reducing the amount of employees with temporary contracts. University board decided to dismiss 25 employees and

over 30 temporary contracts from the central administration by the end of 2010, and in 2011 university board decided to dismiss 33 employees mainly from administrative units of the faculties. Released resources have been reallocated in research and teaching, for example in post-doc positions and in strategic research funding. In addition, the faculties and departments of UEF are constantly evaluating reducing the personnel and re-steering the resources according to strategic aims of the faculty or the department.

11.4.2 Synergy Impacts and Completion of Missions

The merger had many synergy impacts, especially in scientific operations. The entire university administration, faculty and department structure, educational structures, policies and regulations, decision making and leadership structures were reorganized with a boost by the university's productive program. The process was challenging since the operational and administrative cultures of the merging universities were in many ways different.

Prior to the merger, the University of Kuopio and the University of Joensuu had 13 faculties altogether. In the merger, they were reorganized into four faculties: the Faculty of Philosophy, the Faculty of Science and Forestry, the Faculty of Health, and the Faculty of Social Sciences and Business. The new faculty structure was a key organizational idea of the new university. It was a strategic decision and considered as a precondition for the development of UEF culture. The aim was to lay the ground for interdisciplinary research groups and educational programs, on the one hand, and to create large and independent entities that integrate the campuses together, on the other. The merged university has three campuses of which the main ones are in the cities of Joensuu and Kuopio, and a side campus in the city of Savonlinna. Three out of the four faculties operate in two campuses. In addition, the University has a research station in Mekrijärvi. So, the four new faculties can be seen as more complex, diverse and larger than traditional disciplinary-based faculties (e.g. Faculty of law). Faculty structure was the base for the creation of interdisciplinary research groups (e.g. in the field of Forestry and Environment, Health and Wellbeing, New technologies and Materials) and Education programs.

The Education programs of UEF were restructured. The development was based on the efficiency and productivity of the programs; on the programs' appeal and connection to the research focus areas, and on the need for the labor force (UEF 2010). The aim was to create larger educational programs at the bachelor level and thus to reduce the number of applied alternatives. The inter-disciplinary synergies are still at the core of UEF's development, and the next step is to create a learning environment that advances learning, strengthens the productivity and efficiency of education and studies, and offers educational programs that have scientific and labor force relevance. UEF aims to educate experts that have competence and ability to work in a changing working life. One of the significant and open questions, which is related also to UEF's complementary educational structures, is the division of

labor between Finnish universities. This negotiation process (The Ministry of Education and Culture refers to as higher education dialogue) has recently started.

The central administration was completely reorganized into a new administration unit. It was a combination of centralized and de-centralized administration at the faculty and university level. Most of the University's services are located in the main campuses in Joensuu and Kuopio, are provided to all campuses and faculties. The service units are training and development centers, the language center, library, learning center and the IT center. The faculty administration is grouped into four service centers. Each faculty has one center and those that are operating in two campuses have services that are distributed to both operating campuses or centralized (typically due to place of abode of the individual) to one of the campuses. Guiding principle is the quality of services and the integrative nature in organizing the administration.

Also, the decision-making and leadership structures were rebuilt. UEF has two rectors who are based in different main campuses in Joensuu and in Kuopio. The Rector is responsible for the management of the University and for the tasks defined in the Universities Act. The academic rector, in turn, is responsible for the tasks related to the management and development of research and education. The structure of rectorate determinates the nature and dynamics of the merger process. It was important for the interest groups of the merging universities that the new university has two rectors that are positioned in different campuses. It is not optional for the Rector to choose the campus where he or she will operate full-time, if the other rector has been nominated. The campus ideology thus affects the management system very strongly. The structure may seem artificial but the balance between campuses is built-in also in the deanship, especially in the Faculty of Social Sciences and Business Studies and Faculty of Science and Forestry. These faculties operate in both main campuses and it has been agreed that the Dean of one of the faculties has head office in Kuopio and the Dean of other faculty in Joensuu. Rectors, deans and the director of administration form the UEF leadership, which prepares matters for decision-making for the UEF Board and the Rectors. Even though there are some tensions of management system, the structure highlights the integrative nature of UEF's organization.

11.4.3 Strategic Outcomes and Academic Profile of the UEF

In the first year of the merger, the UEF decided to emphasize the areas of expertise including forestry and the environment, health and wellbeing and new technologies and materials. The academic interest groups of the two merging universities defined the core research areas during the period 2007–2009. The strategy process was complex and the outcome was still a collection of areas of expertise of the merged universities. The historical and academic factors had a major influence on the strategy process. The first UEF strategy was indeed a merger strategy and a part of the

merger process. The value of strategy must be assessing from this perspective. This also highlights the difficulties that are common to university merger processes.

The three areas became the spearheads of the research strategy of the newly established University, and were closely linked to the national strategic networks for business and research (SHOK) to give breakthrough innovations of global importance. In addition to these three focus areas in research, teacher training and Russia Studies were emphasized as they were considered nationally and regionally important fields. The process for selecting spearheads was based on academic discussion, indicators and vision of the university leadership at the University (Aarrevaara et al. 2011). That was one of the most important processes to define the decision-making culture and academic leader conceptions of research profiling and coping, with sometimes controversial demands during the first years of UEF (e.g. Pietilä 2013). The merger was not an administrative tool for integration of two organizations, but rather a strategic way to create a distinct profile for the new university. Building up a new operational culture, distinct profiles and new scientific structures is time demanding processes, but necessary to obtain the benefits of a full-scale merger. This is a matter of trust and cooperation. The creation of UEF profile and new scientific value started before the merger process and it is still an ongoing process at 2014.

The creation of a distinct profile requires the commitment of the academic community, novel management system, leadership and clear strategic vision. Strategic actions must be focused on the new university. This is not an easy process and it requires a will to learn and evaluate. The first strategy of UEF approved in 2010 was built around the merged universities. The focus was more on the past than on the future. Even though the strategy had some features of potentiality of the new university, the strategy was a merger strategy and it was shaped by the interests of merged universities. It required about four years achieving a genuine UEF strategy when UEF board approved new UEF strategy for the years 2015–2020 in April 2014. This strategy will also provide a basis for the distinct profile of UEF. Alongside with this process the academic community is gradually beginning to learn the UEF culture. The new strategy is a major step in the path creating the strategic value of the merger.

The most significant outcomes of mergers are strategic. By pooling resources universities can achieve structural, operational and economic synergies and by pooling academic expertise universities can achieve benefits in research and education (e.g. multidisciplinary outcomes, quality of research and education, external funding). The third strategic outcome is that by mergers organizations can prevent mutual competition. These strategic outcomes are only realized through sustained actions building scientific excellence and value. This excellence must be created by benchmarking the scientific quality of both merging universities. If the strategic aims and definitions, organizational models or the academic structures are created by emphasizing historical factors or academic interests of merging universities, the real strategic outcomes of a merger are hard to achieve. Strategic focus of mergers must be targeted over the conventional thinking. In university mergers the main challenges are typically related to the diversity of organization, to dispersed power

resources and to the management of the university. It is difficult to make new strategic decisions, if you have to balance between the interests of merging universities. So the big decisions and integration of the new culture must be scheduled over a longer period. Merger in university context is a collection of waves of transformations.

The academic profile of UEF is shaped by the idea of interdisciplinary cooperation. The university operates in the context of global challenges; i.e. ageing, health, natural resources, digitalisation or encounter of cultures. The strategic aim is to participate in solving these complex, wicked problems. In strategy the research is organized in research areas, which are in nature interdisciplinary. In this context, UEF can be characterized as a Multiversity (cf. Kerr 2003/1963) which emphasizes interdisciplinary cooperation in research areas and in education, especially in doctoral and master education. The academic profile of UEF is a unique combination of the scientific strength built during the last 50 years and a new strategic vision of interdisciplinary cooperation. This is also an outcome of long-lasting merger process.

11.5 Discussion

Since the merger of the two Universities in 2010, the University of Eastern Finland has carried out extensive structural and operational changes, but some of the academic and functional core functions are still deficient or temporarily defined. As an evidence, structural changes are still yet to come, work on joint indicators are still in the process after four years and the profile of the University is under continuous discussion in funding allocation.

Despite all these characteristics, mergers fail or succeed with the staff and stakeholders, and it is mostly a matter of trust. A successful merger requires the acceptance of change, which is the basis of motivation and commitment. Merging partners must learn to understand each other, build trust and new cultural identity. Sociocultural ties forms the framework of merger and are at the centre of the governance of merger. The merger at the UEF was a two-way process. Multichannel communication is critical factor for merger, but the actual communication happens, when people interact. Vertical management must be tied up to the horizontal functionality in academic departments and research groups. In a merger process the ability to balance the power interests of the two merging universities is a significant indicator for the success of the process. The progress of the merger in university context is affected by complex cultural and power factors, which may hinder the process. Consensus-building in academic setting can be implemented by expanding the commitment to the merger by giving individuals power to influence on their own work. The power must be distributed as the merger process progresses. Achievement of change, trust building and decision-making of academic and administrative structure, to elect or appoint candidates for key positions, strategy and identity of new

university are the difficult parts of a successful merger. Conflicts arise when decision-making is not open enough and objective, but rather based campus centrism, academic politics and on wiggly interests. Conflicts tend to evolve messy and the exit of them gets harder. If the academic community is excluded from the planning and decision making process and if the internal communication is insufficient, the control of a merger can be problematic. Rumors begin to spread uncontrollably.

One of the key lessons learned from the UEF case is that the commitment to a merger is a multi-stage process, which requires building of the cultural identity of the new university. Academic organization and administration can be easily constructed, but the development of a new university is a matter of cooperation and trust between the people. How long does it take to implement a merger in this case? The expectations of academics, staff and stakeholders are that it would not take too long. In this stage it seems not to take a generation. As Puusa and Kekäle (2013) have pointed out in their analysis of UEF merger, the basis for administrative decisions to boost merger process take the existing legislation and external realities into account.

Challenges of the UEF merger related to the overlaps in administrative tasks and academic disciplines, differences in operational cultures, strategic decisions and to resource allocation. However, the challenges were relative, when compared to the scale of the process (approx. 2800 persons). Consolidation of practices and building of the consensus is a long enduring and complex process. A successful merger demands governance of internal diversity and interests, and also commitment and participation of the university as a community. The logic of organizational change is based on gradual progress and consensus building through multi-stage negotiations.

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Chapter 12
Different Faces of Danish Higher Education Mergers

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12.1 Introduction

While Chap. 5 examined the general merger developments within the Danish HE-sector, this chapter has a more detailed focus on three specific "local" merger processes resulting in three "new" universities. The analysis focuses on the way in which the government's overall national objectives were translated and transformed in meeting with the objectives of the individual institutions. The Danish university merger process can thus not only be viewed as a single, coherent, top down reform targeting the overall structure of the public higher education and research system, but can also be analysed as a number of individual cases of merger processes characterised by different starting points, different ambitions, different dynamics and quite different outcomes for different institutions. Accordingly, both top down and bottom up dynamics should be taken into account in order to understand the outcome of the Danish processes.

In this chapter we aim to show, through the three selected case-studies, that beneath the overall national reform surface we find similarities, but also interesting

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differences between the individual cases. The chapter contributes to the merger specific literature stressing the importance of contextual circumstances and how uncertainty and conflicting interests have been an important part of each institutional case (Cai 2007; Kyvik 2009). It also contributes to the broader and more general theoretical literature examining how overall reform proposals are translated and transformed in the meeting with local contexts (Christensen et al. 2004; Røvik 2007).

The chapter is structured as follows: In Sect. 12.2 a number of important contributions to the literature within the field are presented, to review the different rationales for merger processes. In addition, the section also highlights a number of theoretical perspectives on the outcome of the clash between policy induced national reforms and local, context dependent factors. Section 12.3 then proceeds by presenting short case studies of three individual merger processes. This section highlights the complex interplay between the national political framework and local bottom-up conditions. Finally, Sects. 12.4 and 12.5 contain our discussion and conclusion. The chapter draws on interviews, observations made by the authors, document analysis, and previous studies.

12.2 Different Rationales at Different Levels: Top Down and Bottom Up Dynamics

In general, mergers are thought to have the potential to produce substantial long-term benefits for both individual institutions and national systems as a whole (Harman and Harman 2003). The strategic rationale for higher education mergers is largely related to creating larger and more comprehensive institutions in order to achieve academic and administrative economies of scale. This includes: stronger academic programmes; improved student services; enhanced student choice; greater institutional flexibility; more competitive research groups and increased efficiencies and cost-savings (Norgård and Skodvin 2002; Harman and Harman 2003).

From a government perspective mergers thus represent an opportunity to restructure a nation's higher education and research system and may reflect policy responses to perceived deficiencies in existing systems in terms of fragmentation, duplication of efforts, lack of critical mass etc. Similarly, merger processes can be seen as attempts to position parts of the system for global competition at the top end (Goedegebuure 2012). This approach is viewed by some analysts as the single objective driving much of the present day merger activity in Europe. According to this view, governments are restructuring their higher education systems to place them in positions from which they can compete in international markets for prestige, staff, research funding and students. Mergers can be a pivotal policy instrument in achieving this, and Denmark is explicitly mentioned in this literature as an example of a country where this strategy can be seen (Goedegebuure 2012).

However, the reasons for engaging in merger processes are not necessarily the same for governments as for individual institutions, and not necessarily the same for different individual institutions within the same national context. The actual

dynamics at play in relation to different cases can thus be quite different in nature (Goedegebuure 2012). For individual institutions the reasons for engaging in merger processes can be much more diverse. Bottom-up, institution-driven approaches can be the result of perceived threats and opportunities in a changing environment. But they can also be the result of strategic objectives such as improving access to external funding and/or increasing academic aspirations, for example, to become "world class" (Goedegebuure et al. 1994; Harman and Harman 2003; Harman and Harman 2008; Zechlin 2010). Mergers can accordingly provide the leadership of universities with strategic opportunities for de-institutionalising existing arrangements and re-institutionalising new structures and rules of engagement (Pinheiro and Stensaker 2013).

However, from a theoretical perspective the merger concept can also be seen as an institutionalised organisational standard which provides a socially established and legitimised convention for the "right" way of organising systems or individual organisations (Røvik 1998). In the case of Denmark, mergers as a specific institutionalised organisational standard have been imposed by the government on a broad range of public sector areas over the last 15 years. But as with most other types of institutionalised standards imposed from a central authority there has also been some leeway and room to manoeuvre for the institutions involved to actively and consciously implement or translate the standard within the constraints imposed from above.

This was also the case with the merger processes within the Danish higher education sector: the idea of mergers, as discussed in Chap. 5, was presented as a loosely defined institutional standard strongly imposed by the government within a national framework with both coercive and voluntary elements. Coupled with different interests from different institutions and groups of stakeholders, the foundation was laid for a complex process of adoption and translation at the institutional level. This set up raises a number of interesting empirical and theoretical questions: How were the national objectives received by the individual institutions? How and to what extent were they able to transform the government's overall objectives into institutional objectives? Which factors appear to have influenced the strategies of the different institutions?

From a theoretical perspective a number of outcomes of the meeting between the merger solution as a standard and the individual institutions could be expected. A rational/instrumental perspective would suggest that the institutions would implement the mergers fully in accordance with the objectives outlined by the government (Røvik 2007). Alternatively, a more sociologically inspired institutional perspective would suggest that standards such as mergers would be met with a lot of resistance from the institutions, if they conflict with existing values, cultures and traditions (March and Olsen 1989). The result could be either a full rejection of the standard or a symbolic implementation where mergers are carried through on paper, but where no real integration is pursued. In the literature the latter case would be described as a decoupling of formal policies from daily practices (Meyer and Rowan 1977), or as a buffering of internal practices from outside inspection (Pfeffer and Salancik 1978). One of the main messages in this literature is that organisations

adopt policies to conform to external expectations, but in practice often do not change their behaviour significantly.

Finally, a third perspective would suggest that we will see neither a full implementation nor a total rejection or a symbolic implementation, but rather a local translation and transformation of the overall objectives (Røvik 1998, 2007; Sahlin-Andersson 1996; Czarniawska and Joerges 1996; Christensen et al. 2004). This perspective emphasises that most reforms leave the actors involved room to manoeuvre, and that both instrumental and cultural views interact in the shaping of the final outcome. In comparison with the instrumental and institutional perspectives, this transformative perspective has a more open approach to potential interactions between reforms imposed from above and organisational characteristics and may thus be better suited to understanding differences between different cases.

12.3 Three Individual Case Studies

As an introduction to our three case studies this section begins by briefly outlining the political process which initiated the mergers and subsequently established the overall framework to be filled out by the actions of the individual institutions.

12.3.1 The National Framework

As discussed in Chap. 5, the overall Danish merger process was clearly policy induced and initiated from the central level, while the institutions themselves played a marginal role in the first phase. However, in the initial phase the political focus was more on mergers as a solution than on the problems that the mergers were meant to address. More or less all the general objectives outlined in Sect. 12.2 were also highlighted by the Danish merger proponents during the processes. These included: stronger academic programmes; improved student services; enhanced student choice; greater institutional flexibility; more competitive research groups and increased efficiencies and cost-savings. Similarly, the mergers were also a policy response to issues such as fragmentation, lack of critical mass, duplication of efforts etc. and an attempt to position the universities for global competition at the top end. However, there was limited discussion of how exactly these objectives could be achieved and hardly any discussion of the advantages and challenges associated with different solutions.

Apart from the arguments presented in favour of mergers, a number of other factors also acted to advance the merger idea. First of all, a new university decision-making structure was established shortly before the merger process was initiated. In 2003 a new University Act was passed through parliament introducing a classic ‘company model’ with a hierarchical management structure and boards with a majority of external members. The boards appoint vice-chancellors, who appoint

deans, who, in turn, appoint heads of department (Hansen 2004). By early 2005, the new boards were in place in all the universities, and by the end of the year all but one of the vice-chancellors had taken up their posts. This new decision-making structure served as an important window of opportunity for the merger reform.

Alongside the merger process, a substantial growth in research funding was promised by the government as a result of the national Globalisation Strategy (The Danish Government 2006). Although no precise allocation model was presented at first, it was indicated that the institutions which went along with the merger process would be in a better position to receive this additional funding than the ones who opted to stay out of the process. The new leaders were therefore incentivised by the idea that the broader agenda outlined by the Globalisation Council would allow for additional resources to be provided for the universities in the future.

Finally, a number of proposals for new merged institutions forced all other institutions to consider potential threats and opportunities. Most important was the so called Børsting Committee's December 2005 proposal, analysed in Chap. 5, to create a food university by merging a number of university faculties and Government Research Institutes (GRIs). The proposal would also have led to the splitting up of some existing research environments.[1] In November 2005, before the publication of this proposal but presumably on the basis of knowledge of it, the board of a large GRI, RISØ, proposed the establishment of a Danish MIT-like university consisting of several institutions partly overlapping with the Børsting proposal. These proposals were incompatible but became important drivers for the subsequent process.

Together these events and factors created a situation where all institutions were forced to consider the pros and cons of potential mergers. Formally, this happened in February 2006 when the minister asked all universities to "engage in a dialogue with all potential partners in advance of a process towards integration".[2] As a reply all the universities formulated expressions of interest. At the same time, all the GRIs were asked to formulate expressions of interest for possible integration with universities and other GRIs. The expressions of interest were to be submitted to the ministry barely 2 months later. All of the input from the institutions would be evaluated by the ministry, they were told, before decisions were made about how the rest of the process would be organised.

In the following section we look at the processes in three different universities with different starting points and different perceptions of threats and opportunities. We show how these different perceptions and local conditions resulted in different merger strategies and outcomes, which in turn resulted in a new national higher education landscape only partly reflecting the initial objectives of the government.

[1] Committee to Evaluate Options for Improving Research at the Royal Veterinary and Agricultural University – Copenhagen and the Danish Institute of Agricultural Sciences, 2005.

[2] Quote from Minister of Science Helge Sander's letter of 10 February 2006 to the chairs of all the university boards.

12.3.2 Copenhagen University

The University of Copenhagen is the oldest and largest university in Denmark and, at more than 530 years old, is also one of the oldest universities in Northern Europe. Before the mergers it was well consolidated as a strong national flagship university and as such the merger initiative did not, from a management perspective, pose a direct threat to the university. As a consequence, the university at first signalled that its main priority was to continue untouched in order to remain a traditional basic research oriented institution. If this wasn't possible, it suggested the Danish University of Pharmaceutical Sciences, the Royal Veterinary and Agricultural University and the IT-University as potentially interesting partners.

Its well-established position as the largest higher education institution in the Danish system enabled the university to enter the merger process in a favourable position, with the ability to turn down offers from other institutions if it wished. The university management was accordingly in a situation where they didn't have to participate in a merger process at all costs, but rather could define the criteria for potential merger partners and only needed to consider institutions with a clear fit with the University of Copenhagen.

From the national political system, however, there was an explicit wish to merge the University of Copenhagen with a number of other institutions. These included: Copenhagen Business School, The Danish School of Education and a number of GRIs. However, neither University of Copenhagen, nor these institutions were willing to enter such a partnership and, after a period of negotiations, the political pressure was rejected. In the case of the Danish School of Education, the University of Copenhagen rejected the idea of merging the school as an independent faculty in the university. Under these terms the Danish School of Education decided not to continue with the negotiations, despite significant political pressure.

As a result of these preconditions, as well as the interests and actions of the other institutions involved, the University of Copenhagen opted to merge only with other universities located in the Copenhagen area. The University of Copenhagen accordingly merged with two 'mono-faculty' universities, the Danish University of Pharmaceutical Sciences and the Royal Veterinary and Agricultural University, while the Copenhagen based IT-University decided to remain independent, despite its very small size.

Prior to the merger reform, the three institutions which ended up in the final merger construction had been collaborating in the Danish Pharma Consortium (together with the Copenhagen based Technical University) and they were located close to each other in the Copenhagen area. The Danish University of Pharmaceutical Sciences and the Royal Veterinary and Agricultural University were both interested in merging with either The Danish Technical University or the University of Copenhagen – and for a time it was uncertain in which direction they would prefer to move. The University of Copenhagen was chosen primarily due to the argument that a city centre location would make it easier to recruit students. The formal merger agreement and the merger processes were accordingly fairly straightforward,

although not fully in accordance with the national political wishes. However, an acceptable solution was found quite quickly and announced in June 2006.

12.3.3 Aarhus University

Before the mergers Aarhus University, established in 1928, could be characterised as a fairly strong and well consolidated national comprehensive university. However, at least two factors made the situation of Aarhus University quite different from the situation of the University of Copenhagen. First of all the university management saw some of the proposals which had been published early on in the process – in particular the Børsting proposal and the Danish 'MIT-light' proposal – as clear threats to the national position of the university. The university feared losing important research environments and was afraid of becoming marginalised nationally as well as internationally.

A new vice chancellor had been appointed shortly before the merger process was launched. He expressed a clear ambition to make Aarhus University a strong international university which could compete with the University of Copenhagen as well as with universities abroad. The vice chancellor thus saw the merger process both as a threat and as a strategic opportunity for the university (see e.g. Information 2012).

As a result of these factors the university entered the merger process with a proactive approach and a strong willingness to attract potential merger partners in order to grow and strengthen its national and international position. A broad variety of other universities and GRIs were accordingly seen as interesting potential partners – even in situations where they were located geographically far from Aarhus and/or where potential synergies were less obvious. The process towards the final merger result was thus more complex and more challenging, and took more time than the process at the University of Copenhagen.

The first part of the process did not pose major problems. It was decided quite early on that two large GRIs were to be merged into the university (The Danish Institute of Agricultural Sciences and The National Environmental Research Institute) as two new independent faculties (DMU 2006). The process can, however, not be described as fully voluntary as the decision makers at the management and board level within both GRIs felt strong political pressure to enter the merger process. While staying outside not was seen as an option, whom to merge with was more of an open question. Negotiations were thus started with a number of other institutions, but in both cases the GRIs saw Aarhus University as the university offering the best conditions. In particular the possibility of remaining as independent units within the new university was a major factor in the decisions of both institutions.

However, the part of the merger process which involved the two mono-faculty universities, the Aarhus School of Business and The Danish University of Education, was more challenging. At first neither of the institutions were particularly interested in merging with Aarhus University. The Aarhus School of Business preferred to

remain independent and initially the Danish University of Education wanted to either remain independent or become an independent faculty at the University of Copenhagen (DPU 2006). However, as other possibilities seemed to be very difficult to realise and the political pressure increased, the two institutions accepted the idea of merging into Aarhus University and were able to negotiate agreements which allowed them to remain independent faculties/professional schools with their brands visible and protected. An agreement with the Danish University of Education was reached in the spring of 2007. All the processes were driven from the top down, with limited staff involvement and few open discussions of alternatives and consequences.

As a result of the merger-process, with four institutions integrated into the 'old' Aarhus University, the institution had a 40 % increase in turnover and increased its coverage from 5 to 9 main academic areas: the five original faculties (Natural Science, Medical Science, Social Science, Arts and Humanities, and Theology) and the four new institutions which were integrated as independent units with the same status as the faculties. The result was accordingly a large, rather diverse, and in a Danish context geographically fragmented university. But as a result of the merger process, the new Aarhus University has become a major national player responsible for a quarter of the research performed in the Danish public sector, enabling it to fulfil its ambition to become a significant national and international university.

12.3.4 Aalborg University

Finally, the pre-merger situation for Aalborg University was different from that of either Aarhus University or the University of Copenhagen. Aalborg University is the youngest comprehensive university in Denmark, established in 1974 to increase the level of competence in the region. It was originally established by a merger between an engineering college, a business school, a school of social work and a school of land surveying. Humanities and social sciences faculties were established later. The university has developed a distinct problem-based profile within the field of education, and its main resources are attached to the engineering field.

In the last 40 years the university has had an important role in the development of the North Jutland region and at the same time the university has developed extensive international cooperation, particularly within specific areas of research. It has grown from an institution with quite modest numbers of students in its early years to close to 20,000 today.

Throughout the merger process (2004–2014) the university management and the vice-chancellor were strongly in favour of a policy of globalisation and having several national campuses. The vice-chancellor expressed an ambition to build a strong Copenhagen campus with the aim of using the capital city as a hub between the university and global firms. An important precondition for the expansion, both nationally and internationally, was the idea that the region where the main campus is located may be too small both for a university with strong ambitions to play a

global role within selected research areas and to provide the university with an increasing number of students.

As a result of these perceptions, the merger process was first of all seen as a strategic opportunity for Aalborg University rather than as a direct threat. Aalborg University went into the process with an open approach with an ambition to attract interested merger partners.[3] In particular, the university signalled that it was open to a number of merger possibilities with the GRIs. As it turned out, however, only one GRI saw Aalborg University as an attractive partner. This particular GRI, The Danish Building Research Institute, worked within one of the university's original research and education areas and clear potential synergies were thus easy to spot. Building is an area where the university has a strong position nationally and this position was recognised and well-regarded by the GRI. This led to the board of the GRI identifying Aalborg University as its partner of preference, in spite of the geographical distance to the GRI, which was located in the Copenhagen area. Seen from the perspective of the university, this location only added to the attractiveness of the partnership as it could strengthen Aalborg University's Copenhagen platform.

Seen from the other side, the main aim identified by the GRI management was to increase research cooperation with outside partners through the merger. The GRI made contact with all relevant universities, but only Aalborg University was able to meet all its wishes, as it had a problem-based learning style and was able to get research out into practice. So even though some staff had closer relations to their neighbour, the mono-faculty Danish Technical University, Aalborg became the choice.

The way the vice-chancellor in Aalborg acted throughout the entire process also created a positive climate in the negotiations. It was promised early on that a large degree of autonomy, including financial autonomy, could be maintained and that the GRI's customers would still be clear about how resources were allocated and spent. Keeping the institution in Copenhagen, close to the main group of customers in the building industry, and avoiding brain–drain from the institution were also important goals. The result was a merger of limited scope with in-built geographical challenges, but also clear potential synergies.

12.4 Discussion

As the previous section has shown, the overall national merger objectives were received quite differently by the institutions involved in the three merger processes analysed in this chapter. In an attempt to explain this pattern of adaption and translation across different institutions this section is presented as a discussion of the three cases seen through the lenses of the theoretical perspectives presented in Sect. 12.2. In accordance with the research questions the discussion covers how the

[3] http://www.nyhedsarkiv.aau.dk/digitalAssets/29/29289_fra-aau-til-videnskabsministeriet.pdf

national objectives were received and translated by the individual institutions. Central questions are how and to what extent they were able to resist or transform the government's overall objectives into institutional objectives. Furthermore, the discussion touches upon which factors appear to have influenced the strategies of the different institutions.

Overall, the merger solution was strongly imposed by the government, but at the same time the concept and the objectives were rather loosely defined, as they were addressing many different problems. To some degree this starting point enabled the institutions to choose their own interpretation of problems and solutions. Furthermore, the universities could not be forced into mergers due to the existing University Act. These factors gave the individual institutions some room to manoeuvre, but as the analysis showed not all institutions had the same room and the same degrees of freedom. With regard to the GRIs, the legal situation was somewhat different as they were not protected by law from being forced into a merger.

As the case studies show, this way of initiating the overall merger process led to all kinds of reactions from individual institutions. As we will argue below, full rejections, more symbolic implementations with elements of de-coupling and examples of translation of overall objectives into local institutional goals were all observed among the institutions covered by the processes analysed in this chapter.

12.4.1 The Patterns of Adaption and Translation

To understand the patterns of reactions by the institutions we need to make a distinction between the universities which were in a position to "receive" other institutions on the one hand and the smaller institutions which were to be integrated into larger organisations on the other. In general, the former institutions saw the merger solution as a strategic opportunity while the latter were more occupied with maintaining independence. We will elaborate on these patterns by discussing our three cases in more detail.

The University of Copenhagen: From a position as the oldest and largest Danish university, the University of Copenhagen had substantial room to manoeuvre and could follow its own objectives rather than react to the decisions of other institutions. After an initial phase of reluctance it decided to go along with the merger plans, but only as far this could happen in line with its previous policies. The University of Copenhagen thus chose a selective approach, only engaging in dialogue with potential partners with a clear fit to the 'old' university. As a result of this position the university was able to resist the political pressure to merge with a number of institutions, including the Copenhagen Business School, The Danish School of Education and several GRIs. In the end only two mono-faculty universities were integrated, resulting in a 'new' University of Copenhagen which although larger was in many ways similar to the 'old' university.

From the perspective of the university, the overall national objectives were thus to some degree translated into a "business as usual" strategy. However, from the

perspective of the institutions which were to be integrated within the University of Copenhagen the picture was quite different. For these institutions the main issue was how to retain as much independence as possible. For the two integrated universities this was solved by establishing a federal model, but this solution was not feasible for all institutions. For the Copenhagen Business School and the IT-University this led to a rejection of the overall merger plans, while the University of Education had to look for other partners willing to offer more attractive conditions.

Aarhus University: The University of Aarhus was in a different position to the University of Copenhagen. Although it was already a large and well consolidated university it had to pay close attention to the potential decisions of other institutions. To avoid becoming marginalised it chose a proactive growth-strategy with the aim of becoming a significantly larger and stronger university with the ability to compete with the University of Copenhagen as well as other large international universities. However, to achieve this objective the university had to show more flexibility with regard to the fit with other institutions and had to offer attractive conditions in order to be of interest to other institutions. As a result Aarhus University became larger but also more fragmented, in its geography (with locations in the middle part of Jutland and in the Copenhagen area), academic programmes, and research fields.

In this case one specific element of the overall national objectives, being able to compete at the top end of the market for students, resources and prestige, was heavily prioritised, while other objectives such as synergies and economies of scale played minor roles in the first phase of the mergers. But again the picture looked different from the perspectives of the other institutions involved. Again, the objective of retaining as much independence as possible was given much more attention than in the overall national objectives.

Aalborg University: Finally, Aalborg University also chose a proactive strategy in order to grow and move from a position as a strong regional university towards being a more nationally and internationally oriented university. However, the university was not seen as an attractive partner by most other institutions and the result was thus a rather small merger between the Danish Building Research Institute and Aalborg University. In spite of the limited scale, Aalborg University was able to use the merger process to consolidate its position in the capital. The agreement between the two partners was characterised by a policy of maintaining independence, but it also stressed that large potential synergies were to be realised. Here we can again observe that only some elements of the overall national objectives were translated into institutional objectives.

When we see these three cases together a pattern appears to emerge, with the large universities acting based on the opportunities for improving or maintaining their positions in the national and international landscape, while the institutions which were to be integrated into larger organisations aimed for more symbolic implementations of the overall merger objectives. Thus, for the larger institutions the process was mainly seen as a strategic opportunity, while the smaller institutions acted to minimise the effects of the threats associated with the merger proposal. Some of these smaller institutions chose to fully reject the overall merger proposal.

The IT-University and Copenhagen Business School are examples of institutions which managed to stay out of the process despite strong political pressure. But most of the other smaller institutions chose to enter the merger process in order to signal that they were going along with the political objectives and avoid being marginalised and losing the possibility of attracting additional funding. However, for all these institutions a central precondition for participation in the process was that they were allowed to continue as independent units within the new organisations.

As a consequence, the way in which the process was carried through turned out to be a double edged sword for the creation of increased international competitiveness and increased efficiency. Both the University of Copenhagen and the Aarhus University stretched their range of governance to a broader and much more diverse organisational structure, and Aalborg University increased its activities in the Copenhagen area, far away from its main campus. As a consequence, only very limited economies of scale could be achieved in this phase, due to the lack of real integration. In most cases the administrative expenditure probably increased over the first couple of years, as a result of the merger processes.

Despite the overall agreement on goals which was shared between the state and the three universities at a very general level, different objectives were thus followed and different advantages were prioritised at the three universities. For the national government, increased international competitiveness was combined with a goal of increasing efficiency and reducing costs in the individual institution and in the total HE-system by allocating resources to fewer and larger universities. However, our interviews clearly indicate that for the three new universities the objective of creating efficiency was by no means the highest priority. In particular, the integrated units were much more attentive to expectations about their organisational position in the future.

But the individual universities also differed. This was seen most clearly in the differences between the University of Copenhagen and Aarhus University, where the former saw no urgent need for increased competitiveness through mergers, while the latter saw the process as a clear strategic opportunity and perhaps also as a necessity. The same might be seen in the Aalborg case, where the increased activity in the Copenhagen area was a specific strategic target.

12.4.2 Types of Factors Affecting the Strategies of the Institutions

As the analysis and discussion show, not all institutions were in the same position to steer and influence the merger process. A number of factors appear to have played a role for the individual institutions, affecting their ability to translate the overall objectives and political pressure into local solutions beneficial to their own objectives.

First of all, the institutions involved were in very different positions in the initial phases of the process. Economy, size and geographical location were all important

factors influencing the ability of the individual institutions to transform or translate the government's overall merger objectives. In addition, and closely related to these factors, the expressions of interest formulated in the initial phase of the process clearly showed large differences with regard to the attractiveness of each institution as a potential merger partner. Some institutions had a variety of possibilities, while others had few or none.

Furthermore, different institutions were subject to different degrees of political pressure and support. Some combinations of institutions were clearly of higher importance than others, when seen from a national political perspective. In particular the creation of three large universities appeared to be a high priority, while the political system was willing to accept that some of the minor pieces of the puzzle did not fall into place. For the GRIs, the view of the sector-ministries appears to have played an important role. Some ministries were very protective towards their GRIs, while others were more willing to accept mergers.

The aspirations of the high level managers of the decision making actors were of importance: in particular in Aarhus and Aalborg the vice-chancellors had clear visions of how they wanted to transform and reposition their universities. But similarly, such aspirations may also explain some of the merger negotiations that failed to proceed. Seen from the perspective of some of the vice-chancellors and boards of directors in charge of the institutions which were to be integrated, the prospect of the institution being degraded was clearly also an important factor. In particular in our interviews we found that questions about the post-merger positions of some of the influential actors played an important role in some of the negotiations.

Finally, our material also indicates that different institutions had different judgements about the costs associated with rejecting the merger solution. For instance the promises of additional funding from the globalisation pool were rather vaguely formulated, so not all institutions saw this as a strong incentive to enter the process. The same applies to other types of political sanctions potentially associated with turning down the merger solution. While most institutions feared marginalisation, economically or otherwise, if they stayed independent, a few were confident that they could maintain or even improve their situation by staying outside.

All these factors influenced the institutions' ability to define the conditions for engaging in the merger negotiations. The institutions with a strong position were able to pick and choose while others had to settle for what was possible. Some institutions were thus in a much better position with regard to translating the overall national objectives into local institutional objectives.

12.5 Conclusion

The three case universities in this chapter only constitute a part of the entire Danish university landscape, but together they have close to 100,000 students and cover nearly two-thirds of total university spending in the country. The changes within these institutions and the implications thereof are thus in no way insignificant.

While the overall picture of the merger processes and the outcome of the three mergers covered in this analysis may at a distance seem to be the result of a rational and fully planned execution of a number of national objectives, this analysis has shown that there is a much more complex picture beneath this surface. In particular, the pattern of local strategies shows a great deal of diversity. At this level we see a very mixed pattern of reactions with examples of complete rejection of the merger idea, partly symbolic mergers with elements of decoupling and, in particular, a range of examples of different types of translations and transformations of the national objectives. The picture across the different institutions is thus by no means uniform.

The three individual merger processes thus display a number of interesting differences in strategies for translating national objectives into meaningful local objectives. As the entire process, at a national level, was somewhat indeterminate, starting with an open invitation from the minister, the three universities not only followed the national policy but also tried to follow their own policies and in this way created their own versions of the national policy.

While the three universities supported and followed the policy of the government to integrate GRIs and the more specialised mono-faculty universities as well as the objective of decreasing the number of institutions, they also followed their own objectives which to some degree were in opposition to the national objectives. For instance, instead of decreasing the number of programmes and campuses, the merger cases of Aarhus University and Aalborg University increased the complexity of the entire national university structure.

The picture of the overall development outlined in this analysis is in line with other analyses of these types of merger processes, highlighting that outcomes should not necessarily only be seen as the result of a 'sound' rationale, thorough planning and effective implementation, but that the results are also influenced by the rather vague overall objectives and by adaptive reactions (Goedegebuure 2012). Similarly, we observe that the restructuring processes themselves created subsequent action-reaction processes that by-and-large were unanticipated yet highly influential for the systems and institutions involved (Goedegebuure 1992; Harman and Harman 2003; Harman and Meek 2002; Meek et al. 1991).

The results thus reaffirm our basic understanding of this type of policy development and implementation as semi-rational, semi-structured and semi-planned (Goedegebuure 2012). As we interpret the process, the Government attempted to find a delicate balance between exerting pressure, where it saw it as important, and accepting deviations from the original overall objectives, rather than imposing a full solution. By pursuing this strategy the overall result turned out to be acceptable for both the government and the institutions, despite the difficulties in steering the process and the vague notions of what might be achieved in the end.

Finally, from a theoretical perspective it is also interesting to observe that even the symbolic mergers have, over time, had substantial organisational effects as most of the merged institutions have been unable to maintain their independence in the long run. One set of explanations of this tendency might be that even symbolic

implementation over time tends to result in constitutive effects (Dahler-Larsen 2014) as they unintentionally trigger a chain of reactions that have real organisational effects in the long run (Bromley and Powell 2012). We will return to some of these issues in the next chapter, examining the post-merger processes at the three case-universities analysed in this chapter.

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Chapter 13
Post-merger Experiences at Danish Higher Education Institutions

Kaare Aagaard, Hanne Foss Hansen, and Jørgen Gulddahl Rasmussen

13.1 Introduction

As shown in Chap. 12 of this book, the Danish university merger reform includes a number of quite different individual cases. It was argued that different Danish HE and research institutions had different perceptions of threats and opportunities and accordingly chose different merger strategies. While Chap. 12 showed how these different strategies led to different merger decisions for the three selected universities, this chapter takes the analysis one step further and looks at the post-merger processes within the same three universities.

The analysis of Aarhus University takes up most space as this university has seen the most far reaching changes. In addition, this university provides an interesting example of the post-merger experiences of the former Government Research Institutes (GRIs), which are expected to represent an even bigger challenge than the "pure" university mergers. The chapter's research question is: Which kind of internal integration initiatives have been implemented in the post-merger processes

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within the three selected universities and what kind of consequences can be observed up to 2015?

The guiding assumption of the chapter is that some factors pose particular challenges to post-merger processes. These factors include: the degree of voluntariness, whether it is a single-sector or cross-sector merger, the number of institutions involved, the distance between the institutions involved, and finally whether the aim is to create a unitary structure or to continue with a federal structure. Based on these factors we would expect the Aarhus University post-merger process to be more challenging than the processes at the other two institutions.

In other words, we expect that the differences in these factors may help to explain the post-merger experiences of the three institutions. Before we proceed, it should be noted that it in most cases is extremely difficult to assess the costs and benefits of merger processes. It is virtually impossible to attribute cost savings (economies of scale) to institutional mergers due to the investments in resources – financial and otherwise – and the changes in framework conditions over the time-span needed to assess savings. And it may be difficult to balance synergies achieved with the chaos created during the process (Goedegebuure 2012).

The objective of this chapter is accordingly not to precisely assess such costs and benefits, but rather to show how the integration processes have taken place and what kind of difficulties they have encountered, and to give an indication of how these processes have affected working conditions within the selected institutions. It is acknowledged that merger processes should be viewed in very long-term perspectives (Mao et al. 2009). The Danish mergers were implemented in January 2007 and we are now 8 years further down the road. While the full consequences may not yet have materialised, it should be possible to give a first assessment of some of the medium-term consequences of the processes.

The rest of the chapter will proceed as follows: In Sect. 13.2 we turn to the literature to try to identify factors influencing the outcome of post-merger processes. In Sect. 13.3 we re-visit the three case institutions from Chap. 12 and look at their post-merger processes. Finally, Sect. 13.4 contains our discussion and conclusion.

13.2 Factors Influencing the Outcome of Merger Processes

While it is often argued that mergers have the potential to produce substantial longer-term benefits, it is also generally acknowledged in the literature that mergers are complex and painstaking activities for institutions and staff alike (Cartwright et al. 2007; Wan 2008). They are often disruptive, strongly contested and costly in both human and financial terms and they bring profound challenges for leaders and managers (Goedegebuure 2012). In addition, coherent and cohesive integrative efforts tend to take a long time to materialise, if at all (Mao et al. 2009). Sensitivity to human and cultural factors and effective leadership are accordingly of high importance in achieving success in merger processes.

However, not all types of mergers have the same challenges. As discussed in the introductory chapter, a review of the literature points to a number of factors related to the merger processes that are expected to influence the subsequent difficulties and chances of long-term success of the new institutions. As we will show in the following, in line with Harman and Harman (2003, 2008), a number of central distinctions are important in the characterisation of merger processes. In Sect. 13.3 we show that these factors have, to varying degrees, been of importance for the three Danish case institutions. The following dimensions will be included in our analysis:

- *Voluntary and involuntary mergers*. There is an important distinction between mergers that are initiated by the participating institutions themselves and those springing from external pressures, particularly government. Generally it is suggested that voluntary mergers are easier to organise and are more successful, largely because it is possible to achieve a substantial degree of staff involvement in negotiations and implementation, usually leading to a stronger sense of ownership.
- *Consolidations and take-overs*. Another important distinction is between two or more institutions of similar size coming together to form a new institution (a 'consolidation') as opposed to the 'take-over' of a small institution by a large institution. Consolidations generally take more effort and time to organise, and involve issues such as choosing a name for the new institution, how the Chief Executive will be appointed, the new academic structure, and sometimes whether or not there will be substantial academic rationalisations. Takeovers tend to be simpler, with smaller institutions often being absorbed as departments or faculties within larger institutions.
- *Single sector and cross-sectoral mergers*. Mergers may involve institutions from one higher education sector or they may involve institutions from different sectors. It is argued that cross-sectoral mergers pose special problems, especially when institutions from different sectors have distinctly different missions, roles and cultures, and are funded on different bases (Harman and Robertson-Cuninghame 1995; Norgaard and Skodvin 2002).
- *Two-partner and multi-partner mergers*. The number of institutions involved also plays a decisive role. Two-partner mergers tend to be quite different in character and in how detail is handled compared to multi-partners mergers. In general two-partner mergers are seen as less challenging than multi-partner mergers.
- *Similar and different academic profile mergers*. The range of academic disciplines included in mergers is another important variable. Mergers of institutions with the same range of disciplines often mean greater commonality in academic cultures, but frequently it also means that major rationalisation of course offerings and/or research will be necessary if cost savings and effective rationalisation are to be achieved.
- *Distance/Geography*: Distance and geography also often play a role in the outcome of merger processes. The general assumption is that the further geographically apart the involved institutions are, the larger the post-merger challenges will be (Norgaard and Skodvin 2002)

- *Federal or unitary structure*: Finally, another important distinction is related to the way in which the subsequent integration takes place. As Harman and Harman emphasise, mergers may result in the adoption of either federal or unitary structures. With federal structures, specific responsibilities usually remain with the participating institutions. With unitary structures, former individual institutions are not recognised as such and there is a single governing body and a single set of structures for governance. In the literature, there is considerable discussion about the strengths and weaknesses of federal and unitary models. Federal models are often more attractive to participating institutions, promising retention of substantial autonomy and key elements of separate identity. Federal structures can also take into account the different cultures and organisational characteristics of participating institutions. On the other hand, federal structures may limit the amount of academic and administrative rationalisation which can be achieved.

In the following sections we will analyse the three selected Danish cases in these dimensions. As we will show, they differ significantly with regard to some of these factors and we expect these differences to have played a role in their post-merger experiences.

13.3 Three Institutional Case Studies

In the following we look more deeply into the post-merger experiences of these three institutions and link these experiences to the character of the individual merger processes.

13.3.1 University of Copenhagen

As discussed in Chap. 12, the University of Copenhagen merged with two specialised mono-faculty universities (the Danish University of Pharmaceutical Sciences and the Royal Veterinary and Agricultural University). The formal merger process in itself was fairly smooth. The three institutions were located in close physical proximity, clear potential synergies were identified and collaboration was already taking place before the mergers. At first a federal structure was planned for the new institution. Based on these characteristics of the merger process we would expect a fairly manageable post-merger process. In particular, that the merger only involved universities with a mutual interest in the partnership, that a federal model was chosen, and that they all are located close to each other in the Copenhagen area are all facts that point in this direction. However, a number of other factors indicate potential challenges. In particular, it was a multi-partner merger, a fast and closed top down process with limited involvement of staff, and the merger agreement had unclear long-term plans for integration.

13.3.1.1 The Post-merger Process

After the merger, from January 2007 the two incoming universities were organised as faculties with the labels FARMA and LIFE, in a federal structure. From a management perspective it was seen as a problem that only limited synergies were created in the early years. As a consequence a report discussing how the new university could gain synergy across the faculties was published in 2009. The report, which was begun under the initiative of the deans of the new faculties and the dean of the faculty of natural sciences, proposed increased collaboration across the faculties as an important strategic goal.

After an internal hearing phase at the university, in 2010 the vice-chancellor asked the three deans to make a joint proposal on how a strategy for increased synergy could be implemented. An element in their proposal was initiating a one-by-one analysis of disciplines present in several of the faculties, starting with chemistry. In 2011 an international committee published a report on chemistry suggesting that the four existing chemistry departments, located in the three faculties, should be merged into one department located in the faculty of natural science. This proposal turned out to be controversial. In particular, FARMA argued that if the proposal was implemented it would drain their research environment (Zieler 2011). LIFE was also sceptical. This case illustrates some of the challenges related to similar academic profile mergers, as mentioned in Sect. 13.2.

In the wake of realising that the one-discipline-at-a-time synergy strategy was not feasible, other strategies for increased synergy were discussed among the deans of the faculties FARMA, LIFE and Natural Science. One issue was an increasing awareness of the possible future threat of increased competition from Aarhus University, if they should decide to develop the field of natural science at their campus in the Copenhagen area. This campus was established as a result of Aarhus University's merger with the former University of Education. The three deans developed the idea that FARMA and the veterinarian part of LIFE should be merged into the medical faculty and the agricultural part of LIFE into the faculty for natural sciences. This idea was presented first to the dean of the medical faculty, who found the idea interesting, and subsequently to the vice-chancellor.

In September 2011 an outline for the new strategy was presented to the board. In addition to the restructuring ideas mentioned above, the strategy proposed a new department structure in the natural and medical faculties. The number of departments would be reduced, but the so-called "dry" faculties (social science, humanities, law and theology) were not affected by the strategy.

On the back of this outline, the board asked the vice-chancellor to work out a concrete and motivated proposal, in a process involving the staff, in the coming months. At the December board meeting a slightly revised proposal was on the agenda. The idea of the faculty mergers was unchanged, but the plan for a new department structure was revised. Some departments wished to keep their identity and some of them succeeded. The board meeting became quite extraordinary. Negotiations followed by consensus decisions are the norm in the board but this proposal was put forward for voting as consensus could not be reached. The proposal

passed by one vote. The new structure took effect from January 2012, with 2012 seen as a year of integration. Overall, the process led to an organisational structure which is still in place today.

Most important for this analysis of post-merger experiences were the changes at the former Pharmaceutical University and the former Royal Veterinary and Agricultural University. The former Pharmaceutical University, which for a while consisted of three departments at FARMA, is now two departments at Health. According to our interviews the academic identity of the former institution is more or less maintained, and there is still a strong brand vis-à-vis the medical industry. The former Royal Veterinary and Agricultural University, on the other hand, which for a while was the LIFE faculty, has now been split up. The veterinarian part is now located in Health, while the agricultural part has been integrated within SCIENCE. In general, the scientific staff is mostly located in the laboratories and offices in the same campus environments as before the merger reform, but the administrative staff has been heavily reorganised in a process challenged by large cultural differences across the former independent institutions.

During the first period of the merger process for the three closely collaborating institutions with close geographical proximity and clear potential synergies, it was expected that the post-merger process would be fairly manageable. But, as the case analysis shows, this expectation has not been met. The first step in the post-merger process, the one-discipline-at-a-time-strategy, was not a success. The second step, the merger of FARMA and LIFE into the medical and natural science faculties was a process demonstrating a number of conflicts and highlighting large cultural differences at the formerly independent institutions. In particular, we observe that changes of the overall structures are manageable, but as soon as we touch the departmental levels conflicts arise.

13.3.2 Aalborg University

The second case, Aalborg University, was characterised by a much smaller merger where most factors pointed in the direction of a manageable post-merger process with the geographical distance between the partners as the most challenging aspect. As discussed in Chap. 12, only one GRI merged with Aalborg University (the Danish Building Research Institute). In 2007, the GRI, which was located in the metropolitan area, had existed for 60 years and had approximately 100 staff, which was 5 % of the entire staff at the university.

As mentioned in our interviews with managers involved in the process, the reason for the mutual interest in the merger was first and foremost that the competencies of the two institutions were seen as complementary, with potential for achieving an advantage by combining their individual efforts within the areas of research in building activities. This mutual interest was present from the beginning and has been maintained through the entire process. The negotiations can be characterised by the following key words: two partners (the GRI and the pre-existing building

related research and education activities at the university) with equal rights; partly with the same mission, and with the involvement of all GRI board members, managers and employees, the university board, its management and those employees within the university involved in research in the field of the GRI.

The two partners already knew each other before the merger negotiations, had a number of mutual contacts, and cooperated in several research activities. The ideas behind an increased integration were to create a strong international research profile within the area, to be the Danish leader on building research, and to increase education activities with both partners involved. This led to one of the first decisions: that the GRI staff should remain in the metropolitan area. This was backed up through calculations showing that to move the staff to Aalborg would be rather expensive. Coupled with that were the university's plans to increase its activities in the Copenhagen area. The plan was to do this by offering education not previously offered in that area. In addition to this, the university also wanted an increased research presence in the metropolitan area, where it already had ongoing cooperation with an engineering college.

The documents from the merger negotiations clearly show that the board and vice-chancellor at Aalborg University supported a large degree of autonomy for the staff of the former GRI, and this was strongly backed up by the board of the GRI. Both internally and in the negotiations with both the ministries involved, the policy from the university was to keep a united management for the former GRI staff. Although it would be in a different legal form to before the merger, there would still be a director and a steering group in charge and an organisation in a faculty-like format, formally under the faculty of engineering.

As a consequence of the mutual interest, the negotiation process led to a formal agreement to merge the two institutions from January 1, 2007, located in Aalborg and in the Copenhagen area as previously, but with plans to increase collaboration, especially in the metropolitan area through increasing the university's education activities. The two boards, the negotiation teams and the national government approved this decision. This meant that from 2007 the university took over the assets and the obligations of the former GRI and the now integrated institution had a representative on the university's board of directors.

13.3.2.1 The Post-merger Process

To increase cooperation and expand its education provision in Copenhagen, Aalborg University developed a plan to build a new campus together with the engineering college it already cooperated with, and move the staff of the former GRI to that location. This plan was under development from 2009 to 2011, but when it was nearly ready to be realised, the board of the engineering college decided to merge with the Danish Technical University instead. Aalborg University then had to find another location for its increased activities in Copenhagen. This was done shortly after the failed integration, but for capacity reasons the Danish Research Building Institute remained at its original location for a few more years. After this period the

staff were located in the southern part of Copenhagen city, while some of the technical facilities remained at the old location. However, according to our interviews, these facilities are also moving to the Aalborg University Copenhagen Campus soon.

In summary, the merger process went rather smoothly with large degrees of autonomy and close cooperation between the two partners. This can also be seen in the results of the workplace environment assessment of 2009 and 2012. The former staff of the GRI reported the following: satisfied or strongly satisfied with the working conditions: 80 % in 2009 and 73 % in 2012, and satisfied with the expectations for the future: 47 % in 2009 and 45 % in 2012. The uncertainty with regard to the future and the general satisfaction decrease might be a result of the long-drawn out process for finding a new location. The rather low result on expectations for the future might be linked to very low satisfaction among the administrative staff.

The post-merger process involved a large number of changes to rules and regulations, and new administrative matters have been popping up through the entire period since 2007. Although some of the formal structures are different, the main goal has been to create the same conditions for all staff at the university. At the same time the culture for the staff of the former GRI has changed and parts of these changes have been difficult for some. The staff still have their team-management and other special features, but are converging gradually towards the university structures and processes. New educational programmes have been developed and are run by the staff, and more than the planned 10 % of income currently comes from teaching activities. Research cooperation with the rest of the university has increased.

In summary, the case of Aalborg University represents a fairly unproblematic merger process between a medium-sized university and a small GRI with around 100 employees. The merger process as such ran smoothly and efforts to reach an agreement on the permanent governance structure also seemed rather easy. It became a structure that was based on relatively high autonomy for the former GRI, with its own managing director and a board-like structure in the form of a steering group. This made it possible, and at the same time financially viable, to keep the staff of the former GRI in their original buildings in the Copenhagen area.

13.3.3 Aarhus University

With Aarhus University we see the most complex and challenging picture of the three cases. As discussed in Chap. 12, two mono-faculty universities merged with Aarhus University (the Aarhus School of Business and the Danish University of Education) as was the case at University of Copenhagen. But at Aarhus two large GRIs (the Danish Institute of Agricultural Sciences and the National Environmental Research Institute) also went into the partnership with effect from 2007.

Based on the distinctions above and our knowledge of the process leading up to the merger decision, we would accordingly expect the Aarhus University post-merger process to be highly challenging. Not only was it a multi-partner merger, where some of the institutions were at first quite reluctant, it was also a very top-down

process with relatively low staff involvement. In addition, the differences between the institutions involved, with different sector backgrounds, different missions and different cultures posed further challenges. And finally, the geographical distances between the institutions, the limited time for analysis and planning and the unclear long-term goals of the merger would be expected to add to the challenges of the post-merger process.

13.3.3.1 The Post-merger Process

A central precondition for the Aarhus University merger process was that in order to attract partners the university offered favourable conditions and a large degree of autonomy to the new units. Most importantly, this meant that all the new units were merged into the university as independent faculties or schools in a federal structure. While this structure was a necessary precondition for the merger decision in itself, it was also a structure which was soon seen by the management as a barrier to attempts to create real integration.

According to the central university management, a number of challenges emerged shortly after the merger process took effect. They included: an increased demand for efficiency, an increased demand for concrete synergy effects from the mergers, a need to break down "silos" to increase collaboration and communication, and a need to create greater scope for strategic leadership. But even though, according to the central management, the post-merger situation called for further reorganisations, these could not be initiated due to the nature of the merger agreements. No major changes were implemented in the first couple of years and a federal structure with a large degree of autonomy for the sub-units was maintained.

It was evident at an early stage that further changes could be expected at a later point. The first sign came in 2008 when the university adopted the Aarhus University Strategy 2008–2012. First and foremost this strategy underlined the need for an academic reorganisation. According to the strategy the mergers had created the conditions for realising a range of synergies within all core activities and the university management saw significant potential for increased interdisciplinary collaboration. Following this strategy, the vice-chancellor initiated the so-called academic development process with a vision statement on 8 March 2010. Based on this, on 17th June 2010, the Aarhus University Board voted to organise all research and teaching activities into four new main academic areas.

The main aim was to complete the merger process by creating one unified university and thereby improve quality, impact and international reach, strengthen performance in terms of academic and financial results, tear down internal boundaries and stimulate collaboration across disciplines and ensure a more professional and efficient administration. After a period of more detailed negotiations, the final decision on this process was taken by the Aarhus University Board on 9th March 2011. The solution was a new organisational structure with fewer main academic areas, fewer departments and a supposedly simpler administrative structure with effect from 1st August 2011.

Aarhus University had previously consisted of nine independent faculties and schools, which was now reduced to four main academic areas: Arts, Science and Technology, Health, and Business and Social Sciences. Where there used to be 55 departments, there were now 26. At the management level the reorganisation led to a move from ten management units to a unified senior leadership team with cross-cutting responsibility for strategic management and quality assurance across the university as a whole. In this process, the formerly independent GRIs have in many cases been split up and integrated completely within other departments or units.

A clear characteristic of the process was that more or less all major initiatives were initiated and implemented by the central institutional leadership with limited input from the staff. It was also evident that the top management had a clear vision for moving the university away from the previous loosely coupled system towards being a single strategic organisational actor. Aarhus University has been turned into a much more centralised organisation, where the top level management has gained autonomy from the underlying units of the university.

13.3.4 Consequences of the Post-merger Process

Not surprisingly, this process has been both controversial and highly contested. Strong criticisms have been voiced both internally and externally and the discontent has been documented in a number of reports. The main results of three of these will briefly be outlined below.

The first documentation of some of the problems following in the wake of the merger process came in 2012 when, as required by law, Aarhus University conducted a large-scale study of the psycho-social work environment. Based on an analysis of more than 6000 completed questionnaires and a response rate of 82.5 %, with high response rates from all parts of the university, the study showed high levels of stress, uncertainty and frustration and very low trust in the central leadership (Aarhus University 2012).

The next piece of evidence of the problems came in a report focusing on the integration of the former GRIs. As discussed in the introduction, this part of the merger process was seen as particularly challenging due to significant differences between universities and GRIs. While hopes of potential benefits were high among proponents, critics argued that the fact that universities and GRIs traditionally have different cultures, different job structures and different task portfolios could potentially create major challenges for successful integration (Mejlgaard and Aagaard 2009; Aagaard 2011).

A large survey examined how the staff involved had seen the merger process and how it had subsequently affected their working conditions and career choices (Bloch et al. 2012). The survey covered all the merged GRIs, but we will only refer to the GRIs merged into Aarhus University. Overall, the report drew a remarkably negative picture of the employee experiences of the mergers and their implications for the current job situation. The dissatisfaction was observed to some extent in relation to

career paths and career choices, but was much more clearly shown in relation to experiences of the merger process, assessment of the current job situation and job satisfaction.

First of all the survey uncovered a widespread scepticism about the rationales for the mergers. Many respondents indicated that the issue of academic synergies had been given insufficient attention and that the arguments for the outcome of the processes were unconvincing. Many also pointed out that the level of information and the degree of staff involvement had been limited due to the speed of the process as well as the lack of additional funding for the merger processes. Secondly, a large majority of the respondents also indicated that the conditions for carrying out consultancy and applied research had been impaired as a result of the mergers. In relation to these issues the survey also pointed towards difficulties associated with a shift in identity and culture as a result of the mergers.

Finally, an analysis from a so-called internal expert group within Aarhus University adds to our knowledge of the character and scope of the difficulties encountered as a result of the merger. The internal expert group, consisting of a group of professors, was established by the central management as an attempt to address the problems within the university and was tasked with identifying, prioritising and analysing the extent and degree of significant problem areas related to the administrative and managerial support of the university as well as the organisational and managerial structure of the main academic areas.

The expert group published its report in June 2014 (The Expert Group 2014). The report argues that there has been over-extensive centralisation, and too great an emphasis has been placed on standardisation and the presentation of the university as a unified whole. The survey carried out by the expert group also showed widespread scepticism about university strategy and the initiatives derived from it. According to the analysis, the change process is perceived as the management's project, and the university's employees feel very little sense of ownership of it. As a consequence, it is argued that it has been difficult to derive full benefits from the diversity of the university and that insufficient space has been allowed for the expression and development of professional, academic and functional differences.

The report shows that the change process has underestimated the significance of professional identity and inner motivation for both academic and technical/administrative staff members. A large proportion of the academic staff members in the departments do not regard the current structure as appropriate. Presumably this reflects the fact that meaningful shared objectives and aims have not yet been developed. At the same time, the formal separation of academic and administrative staff has dissolved a number of collegial networks.

Increasingly, the central university management has acknowledged the problems documented in the reports outlined above. In particular after a new vice-chancellor took office in August 2013 the central management has shown willingness to address the challenges, and most recently this has led to a decision, based on the problem analysis, to roll back some of the most radical elements of the 2011 reorganisation (The Senior Management Team 2014). These decisions, presented in October 2014, particularly target the issues of centralisation and standardisation and

aim to decentralise and simplify the administration to create more room for diversity, a greater proximity to users and more flexibility in relation to the local needs of the academic organisation. In addition, the management team has decided that a review of the structure of the departments in all faculties must be carried out in order to ensure that the organisation of the departments provides appropriate support for the academic disciplines and their cooperation.

The report specifically mentions that special attention shall be paid to the needs of the former University of Education and the former Aarhus Business School, in order to secure a more flexible internal organisation and more room for independent visibility and branding. It is argued that these external sub-brands need to be strengthened, and that these needs must be met as far as possible by the university as a whole. With regard to the former Business School it is argued that the review must assess the extent to which structural changes are necessary for the visibility of the business degree programmes. The needs of the former GRIs are not mentioned in relation to potential restructuring at the departmental level.

The decisions do not, however, affect the university's overall structure, consisting of four faculties and a unified administration, as the senior management team believes that this structure ensures the university's resilience in the face of increasing external demands. The management team argues that this resilience, along with academic excellence, is decisive in the university's continued ability to retain and improve its current position as an internationally recognised research-intensive university.

13.4 Discussion and Conclusion

We began this chapter with the expectation that a number of factors influence the outcome of merger processes and showed in the empirical analysis that these factors differ considerably across our three university cases and thus may help to explain the challenges of the post-merger processes. But the chapter also confirms the view that the way in which the actual merger process takes place and the number and types of institutions affect the subsequent results. Some mergers are more likely than others to result in problems and difficulties – at least in the short or medium-term. However, the relationships between the underlying factors and the outcomes of the post-merger processes are not as straightforward as the literature could imply.

Much in line with the theoretical argument, we observed that Aarhus University has experienced the most challenging post-merger process. This is not surprising given the number of challenges related to the way the actual merger process played out and given our knowledge of the general difficulties associated with multi-partner, cross-sector mergers of institutions with different missions and cultures – and in some cases also with geographical distance as an added factor. As shown in the analysis, it was the move from a federal structure to a unitary structure with far fewer sub-units which created major problems. These are problems which are yet to be solved,

although they are now acknowledged and addressed by the central management. Similarly the analysis showed that there have been particular challenges in relation to the integration of the GRIs, characterised by working modes, missions and cultures not fitting easily with the traditional academic university culture.

We expected the type of mergers at the University of Copenhagen to be more manageable as only universities with collaborative links located close to each other were involved. Although the difficulties encountered have by no means been as comprehensive as at Aarhus, the University of Copenhagen also experienced significant difficulties once it attempted to move from the initial federal structure towards a more unitary structure. These difficulties appear to remain largely unresolved with regard to the structure at the departmental level.

Finally, the post-merger experiences at Aalborg University seem to be the most positive at this point. The post-merger process has been unproblematic in most respects. Although it was a cross sector merger, the fact that only two institutions were involved meant that much more detailed planning could take place. Another central explanation is that a federal structure has been maintained and that most parts of the "old" Aalborg University have only been marginally affected by the process. There is however a question about whether the decision to maintain a federal structure has limited the amount of academic and administrative rationalisation. In this case it has been possible to achieve positive results without moving to a unitary model.

In line with the general literature, the chapter as a whole also confirms our understanding of merger processes as highly challenging and often painful for the actors involved, and that the processes need to be viewed in very long-term perspectives. Both Aarhus University and University of Copenhagen are here good examples: not least as a consequence of the late attempts at real integration, it must be concluded that after 8 years the merger processes at these institutions are far from concluded. It is accordingly still very much an open question whether the long-term benefits will outweigh the costs of these particular merger-processes.

Finally, the analysis of our three cases shows both the potential and the limitations of the explanatory factors highlighted in Sect. 13.2. While the factors and the underlying distinctions are clearly relevant and work well with regard to structuring the analysis, they also have their shortcomings. First of all, the distinctions are often not clear-cut in practice. An example is the distinction between voluntary and involuntary mergers. As shown in Chap. 12, the Danish cases all fall somewhere in between with both voluntary and involuntary elements.

However, what appears to be very important is the fact that the character and speed of the processes in both Aarhus and Copenhagen limited the degree of staff involvement in negotiations and implementation, resulting in a low sense of ownership. Another distinction that is less clear-cut in practice is the one between consolidations and take-overs. While all three cases can be described as examples of take-overs, in both Aarhus and Copenhagen elements of consolidations were visible within the institutions once they attempted to move from the initial federal structures to more unitary models. In both cases this was where the real challenges emerged.

What we observe is that the full complexity of the merger processes cannot be captured by focusing on these factors in isolation. The interplay between them is highly important too. Furthermore, as our cases have shown, the processes are also highly context and actor dependent, and the way the post-merger processes are implemented is at least as important as the underlying factors of the processes and the structures that are chosen.

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Part IV
Lessons Learnt and Way Forward

Chapter 14
The Many Guises of Nordic Higher Education Mergers

Lars Geschwind, Rómulo Pinheiro, and Timo Aarrevaara

14.1 Introduction

Mergers come in many forms and appear in various societal contexts across sectors, countries and organisations. The literature on private sector mergers and acquisitions is extensive (Cartwright and Schoenberg 2006). Studies of mergers in the public sector have been less common (Pinheiro et al. forthcoming) but we see a growing international literature on higher education mergers, as described in the introductory chapter (cf. Curaj et al. 2015). In the introduction to the current volume, we ended the literature overview by concluding that mergers are complex and multifaceted, demanding broad involvement by various actors at multiple levels. We also concluded that there are considerable knowledge gaps, not least as far as process-related issues are concerned.

The aim of this volume has been to shed new light on mergers in higher education in four Nordic countries: Denmark, Finland, Norway and Sweden, all of which have experienced mergers (sometimes more than once) in the last few years. In so doing, we have combined analyses of the higher education landscape in all countries over

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a long period of time with case studies of specific mergers from the countries involved, some of which are comparative and others more thematic. In this final chapter we provide a bird's eye view of the major findings throughout the volume, and reflect upon some of its implications for theory, policy and practice.

14.2 The Temporal Dimension of Mergers

The contributions in this volume, particularly in Part 2, underline the fact that there is an aspect of time in merger processes. This manifests itself in at least three ways. First, mergers take place during specific historical periods, which for reasons we will come back to, comprise the opportunities and/or pressures to merge. During the last decade, a new wave of mergers in Nordic higher education has come to the fore, and this is the main starting point for this volume. Across the Nordic countries, merger 'waves' have occurred at different times in different countries, and have been more or less far-reaching in scope (Kyvik 2009). In Finland and Denmark, system-wide restructuring has resulted from top-down orchestration (structural reforms) by the state, substantiated in the overarching idea of the need to adapt the higher education landscape both in the light of domestic and international developments and imperatives. In Norway and Sweden, in contrast, fewer but nonetheless equally eye-catching policy initiatives have been undertaken, with the state signalling its intentions in a more indirect matter without enacting major regulative reforms. More broadly, it is also striking that the Nordic countries are looking at one another in the quest for 'best practices' (cf. Ramirez et al. in press) and ready-made solutions to perceived problems. The merger front-runners, in particular Denmark, have been used strategically by merger proponents across the Nordic region, as a reference or benchmark at both the state and the institutional levels.

A second aspect linked to temporal dimensions relies on the fact that, more often than not, organisations involved in merger processes have a history of prior collaboration that preceded the decision to merge. By definition, a merger is a synthesis of at least two existing entities, each with its own history, culture, and core and teaching and research profiles. The chapters show that 'strong cultures' (i.e. deeply institutionalised norms, values, identities and traditions) characterising the parties involved have the potential to affect the merged institution in the long run, either positively or negatively. This is particularly significant in those cases where the institutional profiles have historically been quite distinct, especially regarding the role of research. Cross-sectoral mergers, e.g. when university colleges or polytechnics were merged with universities, provide a special case occurring both in the formally unified sector of Sweden and the binary sector of Norway (see Chaps. 7 and 9). Yet another challenge is identified in the Danish and Finnish cases, where the Government Research Institutes (GRIs) have been reasonably successfully integrated in universities. That being said, it is also important to highlight the fact that there is also evidence suggesting that initial or anticipated cultural clashes have a tendency to fade away over time, perhaps even more rapidly than anticipated by either the merger architects or their critics.

14.3 Merger Phases

In the introduction to this volume, three specific merger phases were identified, namely: Drivers and Rationale (Phase 1); Organisation and Implementation (Phase 2); and Effects – short- and mid-term (Phase 3). Part 2 cast light on the key drivers and the effects at the national level, with the selected cases studies (Part 3) providing an empirical illustration of how internal and external drivers affected the merger processes and their respective short- and mid- term outcomes.

Beginning with the *rationale* for merging, our cases share a number of characteristics when compared with mergers across the globe. For instance, in all countries, economies of scale are put forward as a major reason to merge. Efficiency and effectiveness are indeed important drivers for change, although not always mentioned in the official rationale. From an international comparative perspective, the quality and excellence arguments are used more frequently in the Nordic countries than are financial motives. Creating more competitive units as a response to global competition in the higher education and research markets is highlighted as a major rationale for merging. Quality enhancement in terms of a broadened curriculum, interdisciplinary opportunities and fewer vulnerable departments were found to be other important rationales.

As stated in the introductory chapter, we are struck by the fact that so much focus has been put on, first, the pre-merger phase (including studies of the rationale, the negotiations and the decision-making involved in mergers) and, second, on the merger outcomes, focusing on output and effects. Far fewer studies have been published on the *merger process*, which to a large extent has remained a 'black box'. In our view, this volume makes a significant contribution to addressing this knowledge gap. The case studies provide detailed information about procedural issues surrounding mergers in higher education. The evidence across countries and cases reveals that the time spent on preparation, negotiation and anchoring is crucial for a successful merger outcome, regardless of the ways in which 'success' is defined. Earlier research has argued that the time period allocated to the aforementioned activities needs to be rather extensive. This argument is confirmed in some of the chapters in this book (see Chaps. 8 and 10). However, some cases in this volume go against that evidence by suggesting that, in reality, this picture is more complex than that. For example, a rather lengthy period of negotiation and/or implementation might increase the overall complexity and ambiguity surrounding the merger process, thus making it more difficult to manage or direct (e.g. Chap. 11).

At the other end of the time-scale, we can detect in the earlier literature that there are some serious challenges involved in measuring or assessing merger effects in higher education. Several studies suggest that effect and impact evaluation should be undertaken no earlier than a decade after the completion of the merger (Pinheiro et al. 2013). Some of the indicators used, closely related to the rationales mentioned above, include publications, research grants, number of student applications, innovations in programme and course development, interdisciplinary initiatives, etc. Yet another indicator is post-merger staff integration and satisfaction, with the time of measurement found to be crucial in this respect (see in particular Chap. 13).

Further, this volume also shows that the merger process itself potentially carries early effects of change. A thorough and rigorous anchoring process, including open communication and broad staff participation, may result in concrete change proposals in the realms of teaching and research (Chaps. 6 and 10). An ambitious identity-making and branding project following the merger can, in addition, have tangible effects on the integration of staff from the institutions involved as well as when it comes to enhanced visibility and market attractiveness to prospective students and staff (Chap. 9).

The literature on mergers in the private sector (Pinheiro et al. 2013) shows that mergers can not only be stressful and painstaking activities; they can also be unsuccessful in terms of outcomes, outputs and effects (for the case of higher education, see Stensaker et al. in press). This poses a couple of questions. Have mergers in higher education been successful? Can the Nordic higher education mergers be considered to have been successful? These are indeed pertinent questions in need of an answer. Yet, before we answer these questions, we first need to ask the following: What counts as a successful merger? One way of answering this is to simply state that a 'successful merger is a completed merger', as contended in Chap. 2. Associated with this definition is the assumption that 'big is best', with size (organisational design or structure) becoming an end in itself; by creating larger units several good things are supposed to happen, not least enhanced efficiency and effectiveness.

Nonetheless, and as identified in earlier studies and corroborated by many accounts from this volume, what is interesting to note is that the short- and mid-term benefits associated with larger size are often underestimated. What is more, despite the fact that considerable attention is initially paid to 'economies of scale' as a rationale and legitimating argument for merging two or more institutions, the crude reality is that, in the short term, mergers are both time consuming and rather costly to implement. Furthermore, down the road, economic efficiencies are relegated to the background with aspects such as institutional profiling and academic synergies coming to the foreground – in the context of a fiercely competitive domestic and international environment. Finally, following a more traditional governance perspective (Gornitzka and Maassen 2007), some mergers are considered to be successful because the institutions implemented the government's policies.

14.4 The Spatial Dimension of Mergers

All mergers include a spatial dimension. Earlier research has shown that there are great challenges involved when the physical distance between the partner institutions is large (cf. Harman and Harman 2003; Georghiou 2009). Merging existing campuses often results in a more complex organisational architecture, in the form of multi-campus arrangements (Pinheiro et al. forthcoming). This structural challenge linked to geography can be even more pressing when cultural differences between merger parties are pronounced, thus making the development of a common or shared culture a daunting task. Geography and local or regional identity are often

intertwined, illustrated by the cultural complexities surrounding various Norwegian merger initiatives, many of which ended up unsuccessfully (Chap. 2). However, the spatial dimension can also provide opportunities for institutions, as shown in several of our Nordic cases; a campus in an attractive location (the capital or an idyllic island) could certainly attract more students and staff (Chaps. 9 and 12).

14.5 Integration or Separation

Another aspect of mergers is the degree of integration. As shown in this volume, some mergers are more 'federal' by character, with the merged units remaining largely intact yet within part of a much larger organisation. Arguably, in the short term, these mergers are easier to manage and implement but with less obvious added value for the parties involved. Other cases display a high ambition from the outset to fully integrate the merging institutions into a new organisation. In some cases, this is unproblematic and regarded as a window of opportunity to grow, both in terms of 'critical mass' and 'market share' as well as the nurturing of new scholarly areas; whereas in other cases the creation of new organisational units has resulted in severe internal battles.

14.6 The Actor Dimension of Mergers

As we have shown above, there are many structural, institutional and cultural dimensions of mergers but they also include actor-hood (cf. Pinheiro and Stensaker 2014b) at various levels. The *state*, for instance, plays a major part in merger processes. This is particularly pertinent in the Nordic context where the nation state still has a significant role when compared with many other countries (Pinheiro et al. 2014), although increasingly so from a distance (Pollitt and Bouckaert 2011). In the case of mergers, the state certainly plays the part of instigator, promoter, and sometimes broker in relations with and between merger partners. The relations between the state and higher education institutions can be more or less based on negotiations on the one hand, and directives on the other.

In the merger literature, initial attempts were made to classify mergers as either 'voluntary' or 'forced', with specific reference to the role of the state. Following the same line of thought, mergers can be defined as either 'top-down' or 'bottom-up' initiatives. As with most dichotomies used for categorisation or analytical purposes, the reality is somewhere in-between. This seems to be the case with many of the mergers in the Nordic countries; they are often characterised as being 'forced-voluntary' processes with the state acting as a crucial promoter, facilitator and instigator (Hansen 2012). In some cases, like in Denmark and Norway, merger decisions have been made at a structural system-wide level, whereas in the cases of Sweden and Finland changes in the preconditions have provided the necessary impetus for

organisational change. Reforms regarding quality assurance, performance related funding and autonomy have pushed Nordic higher education institutions to respond accordingly. In order to secure resources and external support (legitimacy and resources), mergers have been perceived as one such strategic response mechanism, often in a rather environmental deterministic matter; what Olsen (2007) terms the 'TINA (there is no alternative) syndrome'.

The merger literature is unambiguous regarding the point that, all things being equal, voluntary mergers tend to be more successful than forced ones. The contributions in this volume largely confirm this, yet it is also important to take into consideration that the former often occur against the backdrop of existing relationships (common understanding, trust, etc.) amongst the parties involved, which tends to facilitate the entire process. That said, our empirical material also shows evidence of internal tensions and processes of contestation (by certain, vocal internal actors) surrounding 'bottom-up' mergers. In this context, it is important to highlight that 'voluntary' or 'bottom-up' reflects the fact that the merger process was initiated by the leadership structures of the institutions involved, and not necessarily by grassroot movements. In other words, future categorisations should be more refined by, inter alia, specifying the degree through which a voluntary merger process is supported internally by the majority of staff, as well as casting light on potential tensions and volitions at the level of senior management (merger parties) as well.

Actorhood is increasingly detected at the institutional level, not only as a response to government-led reforms (Oliver 1991) but also it can be understood as strategic action in the context of a fiercely competitive domestic and international market place (Marginson 2004; Pinheiro and Stensaker 2014a). As is the case elsewhere, the rationale for change in Nordic higher education is increasingly and explicitly market-driven (cf. Jongbloed 2003). This volume shows that the power relationships between higher education institutions and the status position held by each of them provide them with different amounts of room for manoeuvre. For some, the flagships and high status universities, mergers are less forced and rather perceived as a strategic opportunity. As in the Danish case for instance, they can choose certain partners and reject others. For others, mergers are the last or only strategic option and a matter of survival. The cases in this volume include both horizontal mergers involving fairly equal partners and takeovers in which the smaller party is integrated in the larger one. Most mergers in the Nordic countries have involved two partners only, with Denmark as the clear exception. When more than two partners have been involved in the planning of a merger, the number of completed mergers has been rather small, as identified in earlier studies from Norway (Kyvik and Stensaker 2013).

Our cases also show that active leadership throughout the various phases of the merger processes is a crucial success factor, regardless of the type of merger and sub-sector. The role of key individuals, in particular the vice-chancellor, is evident in these cases. Personal relations and a shared agenda (vision) amongst senior leaders were found to be important enablers. What is more, the Danish cases illustrate how the top management's approach determines the ways in which a merger ends up being implemented and 'translated' locally. In other mergers, for instance the Swedish

cases and one of the Norwegian cases (Chap. 6), the individual vice-chancellors were pivotal in merger initiation and implementation. The decision to merge was taken by the vice-chancellors, sometimes after a long process of anchoring and communication internally and externally, as shown in Chaps. 8 and 9.

14.7 Lessons Learned: Implications for Policy and Practice

On the basis of the rich and novel empirical material and key findings presented in this volume, the following implications for policy and practice emerge.

On the policy front, our empirical findings suggest that policy making audiences across the Nordic countries should take into account the historical development of their respective domestic systems whilst undertaking far reaching structural reforms. This is due to two main reasons. First, the fact that historical contingencies associated with the ways in which the systems have traditionally been organised (unitary, binary, etc.), have a tendency for having long-lasting features that becoming embedded into the new structures, resulting in unanticipated outcomes (Chap. 3). Second, although policy transfers from other similar Nordic contexts are tempted, it is imperative that such universal solutions undertake a process of 'localisation' in the light of path-dependencies, specific societal demands and the complex interplay between the various local, regional and national stakeholder groups. What is more, Nordic governments should improve their systematic efforts when it comes to assessing the effects of previous reform initiatives, including far-reaching structural reforms such as forced mergers. This, in turn, implies that such inquiries need to take into account both geographic and temporal dimensions, in addition to unambiguous agreed-upon criteria against which 'reform success' is to be assessed upon.

Moving one level down, from the superstructure (state) to the middle-structure (Clark 1983), it is imperative that the leadership structures of the institutions involved engage into a thorough assessment of their strategic alternatives, thus approaching mergers as one of many possible options to pursue. As with government policy, institutional strategies face the danger of being *co-opted* (Selznick 1949) by the prevalence attributed to environmental determinants such as 'fashion-following' and 'imitative behaviour' or isomorphic pressures (cf. Ramirez et al. in press). Needless to say, formal leadership structures should take into account the characteristics of higher education institutions as collegial organisations, thus allowing for critical debate and expression of opinions before a final decision (on merging) is made. Adequate internal and external communication channels are of relevance in this respect, with careful attention paid to identifying key stakeholder groups (including external parties) and, consequently, the mapping of their mid- and long-term needs and expectations. Finally, formal leadership structures within academic institutions should appeal to the support of informal, influential leaders throughout the academic heartland (sub-units), who will then act as both *brokers* and *change agents* in the internal transformation process.

As far as future research avenues are concerned, we urge researchers interested in the topic to adopt two, non-mutually exclusive strategic lines of inquiries. First, and following the spirit of this volume, researchers should delve deeper into process-related issues (Schultz et al. 2012; Byrkjeflot et al. 2013; Drori and Honig 2013), some of which were not covered adequately in this volume. For example, this could include aspects such as the role played by the individual sub-units in the implementation phase, the importance of middle managers like department and/or research heads, the role of academic networks (national and global), the prevalence of new technological tools (e.g. video conference equipment) that facilitate task coordination and enhance cultural integration remotely. Second, we contend that future comparative inquiries in/around merger processes have much to gain by taking into consideration developments across the public sector at large; from local government to schools to hospitals, etc. (cf. Pinheiro et al. in press). This is in spite of the fact that higher education mergers are underpinned by a set of unique contextual circumstances, including the institutional features of the domestic systems in question and the higher education institutions involved (Olsen 2007; Pinheiro et al. 2012). Stated differently, sector wide dynamics, including structural alterations like mergers, should be seen as part and parcel of a larger process of change and adaptation that is largely the result of recent, new public management (NPM) and post-NPM inspired governmental reform initiatives targeting the bulk of the public sector in both the Nordics (Green-Pedersen 2002) and beyond (Politt and Bouckaert 2011).

What is more, future inquiries in and beyond the Nordic region should attempt to adopt a longitudinal perspective, by systematically investigating the merger process and its potential effects over a period of time. In other words, rather than approaching the merger as a 'one off event', with specific start and end points, we contend that one should, instead, approach the merger as a 'critical juncture' (Pierson and Skocpol 2002) triggering a process of internal (organisation) and external (system-wide) transformation with far reaching consequences at a variety of levels and domains. As with the case of marriages (cf. Brown 2004), mergers have far reaching long-term effects on the actors involved as well as on the structures that shape their relationships. Put differently, and following recent cross-disciplinary work on the origin of new organisational forms (Padgett and Powell 2012), in the short-term, mergers create new larger and more resourceful organisational structures. Yet, in the long-run, such new organisational forms will, in various unpredictable and complex ways, contribute to re-making the institutional settings in which individual and collective actors operate and relate to one another, hence, resulting in substantial transformations at the level of the organisational fields in which they are active agents or participants. Thus, we claim that mergers in and beyond higher education offer the potential for casting light on the complex relationships between agency and structure on the one hand, and the rise, diffusion and institutionalisation of new organisational forms, ideal types and/or archetypes within and across organisational fields, on the other.

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