ABSTRACT. The demands for greater efficiency, higher quality and reductions in public budgets have meant that continually more countries are looking closely at the structure of their higher education systems, and this has often resulted in extensive reforms. The objective of creating larger units has resulted in mergers or closures of institutions of higher education. This article tries to elaborate the experiences of mergers in higher education in Australia, USA and several Western European countries (Norway, Sweden, Finland, The Netherlands, Belgium, Germany and Great Britain). What were the intentions with the different mergers? What kind of processes did this involve and what were the end results? We have focused on some of the problems and what went well. In the conclusion, lessons to be learned from mergers in higher education are highlighted.

INTRODUCTION

The aim of this article is to give an international overview of mergers in higher education. Briefly, we want to focus on topics like:

– Who initiated the mergers?
– Why merging?
– The merger process
– The outcomes of the mergers

The article is based mainly on merger literature. In addition, it is also based on data from interviews in a few countries (Australia, The Netherlands, Norway and Sweden).

The Anglo-American literature on the mergers of institutions contains two synonymous concepts, mergers and amalgamations, which both reflect the merger of two or more previously separate institutions into one new single institution.

Since World War II there have been many mergers in higher education in different countries. During the 1960s and early in the 1970s, political authorities in Australia and Great Britain used mergers to create a binary or two-fold higher education system with the establishment of the colleges of advanced education and the polytechnics as alternatives to the universities. Furthermore, merger was an important measure in the German experiment with the Gesamthochschulen during the 1970s, and the Swedish
reform in higher education in 1977. At the end of the 1970s and beginning of the 1980s, merger was again used as the key measure to rationalise and make teacher training education in Australia, The Netherlands and Great Britain more efficient. In USA, merger was relatively common among private and public higher educational institutions from 1960 until today.

The most extensive use of mergers to create changes in higher education systems was during the middle of the 1980s and continued until the 1990s. This is the case for the Dutch authorities restructuring of the college (HBO) sector in the period 1983 to 1987, the Australian government’s policy to transform a binary system into a unified higher education system (Unified National System UNS) from 1987 to 1990, the reorganisation of the Norwegian college sector in 1994, the amalgamation process in the Flemish college sector in 1994, as well as the establishment of the polytechnic college sector (ammattikorkeallkoulu) in Finland during the period 1991 to 1995.

**WHO INITIATED THE MERGERS? WERE THEY FORCED OR VOLUNTARY?**

Central questions concerning mergers are: Who initiated the mergers? Were they forced or voluntary? The definition of a voluntary merger is when the institutions themselves have initiated the merger, while a forced merger is when the instigator of the merger is external to the institutions. However, it may sometimes be difficult to ascertain whether the merger is voluntary or forced. The voluntary ones are often forced by circumstances.

In most countries, mergers have in part been involuntary, in the sense that educational authorities have initiated them (see Table 1). These have been regarded by authorities as a measure to restructure the higher education system. However, authorities in different countries have used different incentives to implement their reforms, and the degree of autonomy for the institutions involved has varied.

In the latest processes of reorganisation in The Netherlands and Australia, educational authorities have placed minimum demands on the mergers. Certain criteria for merger had to be met in order to be eligible for state support; otherwise, however, there was a certain degree of freedom, (as e.g. in the choice of merging partners). Mergers took place both as a reaction to educational policy and as the result of competition between higher education institutions. In this connection one of the driving forces behind the mergers was the fear of weakened general access to resources.
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<td>USA (1960–1997)</td>
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<td>The Netherlands (HBO reform 1983–87, and the new voluntary mergers from 1988)</td>
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<td>Great Britain (the polytechnic reform during the 1960s and 1970s, and new voluntary mergers in 1980–1990s)</td>
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The processes of merging in connection with the establishment of the *Gesamthochschulen* in the Federal Republic of Germany (1970–77), the state colleges in Norway (1994), the polytechnic colleges in Finland (1991–95), and the non-university institutions in the Flemish part of Belgium (1994) were, in contrast, publicly steered processes with very little autonomy for the institutions.

We find examples of voluntary mergers within higher education in The Netherlands, USA, Sweden and Canada. In the Canadian and Swedish cases initiatives for the mergers were taken by groups at a local or regional level. Regional needs to expand higher education and research institutions were predominant factors for these mergers. In The Netherlands the mergers in the HBO sector continued on a voluntary basis after the public merger process had officially been concluded, and they are still going on today.

In USA we find a mixture of ‘managed’ mergers (especially in the public sector) and ‘voluntary’ mergers (especially in the private sector).
In the former category the main reason for the mergers have been political initiatives from state (regional) authorities, where the objectives were to expand education capacity and to increase efficiency and responsibility. In the latter category, the need to solve economic/financial crises has been the main motive.

**WHY MERGING?**

The literature on mergers stresses that merging denotes radical change. Not only are the governing systems of the institutions affected, but the ‘souls’ of the partners involved are also affected and they have to relate to the process of change. The institutional changes include the abandonment of existing forms of governance, change in institutional norms, objectives and academic programmes, as well as the modification of organisational procedures. Many have described these changes as drastic and dramatic. One study on mergers in the higher education system in USA describes a merger as the most extreme form of inter-institutional organisational solution and as an ‘irreversible totality – the legal death of one or both parties in the creation of a new one’ (Mulvey 1993). There is widespread agreement that processes of merging seldom occur without disruption. Despite this, mergers are used to bring about organisational changes. Why then does merging occur?

A natural explanation is that the external instigators and/or participants generally think that it is more advantageous than disadvantageous.

There are both similarities and dissimilarities in the reasons for merging in different countries: from resolving financial exigency to more strategic reasons like, e.g. ambitions to improve their (the institutions’) position in the higher education hierarchy (nationally and regionally). Regarding the first – resolving financial exigency was the main reason for mergers among private higher education institutions in USA. They have to merge to avoid closure or bankruptcy. Strategic reasons for mergers have also been relatively common. A general strategy in many of the voluntary mergers (e.g. USA, The Netherlands, Sweden and Canada), has been the ambition to improve their strategic position in the higher education market. The main intention with state-initiated mergers (e.g. Australia, The Netherlands, Finland, Flanders and Norway) was to restructure and reorganise part or the whole of higher education system.

The main force behind a merger is always some kind of assumed gain. The most frequent motive is the wish to achieve administrative, economic and academic benefits, by merging several (small) institutions into a larger unit. The thought is that larger units would yield qualitatively stronger aca-
democratic institutions, better management and use of administrative resources and they would improve the use of physical facilities.

Administratively, the intention is to achieve economies of scale with regard to the number of administrators, and to get a more professional and efficient administration. And, furthermore, the wish to save money is also an important goal with mergers.

Academically, there are at least three sub-intentions:

(a) eliminating duplicative programmes
(b) increasing academic integration and collaboration, e.g. creating new multi- and interdisciplinary fields
(c) diversifying academic profiles, e.g. a merger between institutions that compliment each other and strengthening the new institution’s position in the national and international higher education market

The weight given to these intentions varies from country to country. Sub-intention (a) and especially (b) were given most emphasis in The Netherlands (1983–87), the establishment of the unified system in Australia (1987–90), and in the Norwegian state college reform (1994); while (c) is the most common strategy in voluntary mergers. Most of the late voluntary mergers in the HBO sector in The Netherlands, after 1992 (10–12), occurred for this strategic reason. All of these mergers have been diversified mergers – mergers between institutions that are complementary to each other. The strategy was to diversify their programmes rather than to eliminate duplicative programmes, because they wanted to strengthen their position in the higher education hierarchy – both in respect to political and to regional markets.

**THE MERGER PROCESS**

A merger, with its variety of required changes, is not an event but rather a process. The tensions in the dynamics of this process also centre on factors associated with change in any organisation. These issues include risk, uncertainty, negotiation, leadership and planning.

There is widespread agreement that processes of merging are ‘spiced’ with small and large problems and conflicts. Here we can distinguish between integration and diversification strategy. The first strategy – mergers where the intention is increased academic integration and cooperation (e.g. creating new multi- or interdisciplinary programmes/fields) is usually much more controversial than in mergers where the main strategy is to diversify the academic profiles (e.g. a merger between institutions that compliment each other). Examples of the first strategy are the Dawkin
reform in Australia, the Dutch HBO reform and the Norwegian state college reform. We find examples of the second strategy from mergers in colleges and universities in USA, and in the latest voluntary mergers in The Netherlands and UK.

Furthermore, we can distinguish between strategies as a ‘bottom-up’ process, a ‘top-down’ process, or a combination of both. Top-down processes are most common (most of the state-initiated mergers) – but they are often connected to a lot of tensions and conflicts among both administrative and academic staff. Merger processes that use a strategy with a high degree of ‘bottom-up’ input (e.g. some in USA and partly in some of the latest HBO mergers in The Netherlands) are often more smooth and successful. There are a lot of reasons for this. First, the newly merged institution has a better chance to create consensus among partners, and, second, it is the best strategy to try to create a common identity among new staff members. As participants in the process, they are strongly motivated to gain consensus for the future goals of the new institution.

In the latest HBO mergers in The Netherlands a combination of the two strategies was often used. Most of the mergers began simply as a merger at the top level – between the boards, and in the second step – after some years as a consortium or federation – the different institutions involved had ‘matured’ or were prepared to go into a more genuine merger. We can say that the first step was a top-down process and the second a bottom-up process.

The degree of voluntariness on the part of the institutions also plays a part in mergers. Experiences have shown that voluntary mergers (as for instance in the latest mergers in The Netherlands, UK, Canada and Sweden) usually are more successful than ‘forced’ mergers (Australia, The Netherlands, Finland and Norway). (e.g. Goedegebuurre 1992; Hill 1994; Lampinen 1995; Sanyal 1995; Harman 1996; Pettersson 1996; Kyvik & Skodvin 1996; Stenvall 1996; Järvinen 1997; Rowley 1997; Wyatt 1998). This is often mainly due to the fact that state-initiated mergers are initiated by educational authorities and not requested as such by the employees of the different higher education (HE) institutions.

Moreover, the merger processes are time consuming. Furthermore, they are obviously processes that demand a lot of resources, especially in the short term. Experiences have shown that this often is underestimated. A merger needs a lot of planning before, during and after the process. Experiences from USA, Australia and The Netherlands demonstrate that it can take up to ten years before the situation is normalised after a merger (e.g. Millet 1976; Goedegebuure 1992; Mulvey 1993).
Another characteristic with most of the mergers is that one of the partners involved has a dominant role, or takes on the role, as a dominant institution during the merger process.

**THE OUTCOMES OF THE Mergers**

The driving force behind mergers is always one form or another of assumed gain. However, empirical studies show that *praxis* and theory do not always converge concerning mergers in different countries and that experiences with mergers have varied.

It is known that mergers in higher education are relatively dynamic processes that have generated changes in inter-organisational relations. Studies in Finland, The Netherlands, Norway, the UK, USA and Australia clearly show that higher education institutions are not static units; the institutions are very sensitive to changes in their environment and they adjust to these quickly.

When looking more closely at the results of mergers in different countries we will distinguish between three dimensions:

− Governance, management and administration
− Economics, and
− Academic activities

**Governance, management and administration**

In general, mergers lead to an improvement in management, organisation and administration. This particularly pertains to the administration which usually becomes more professional and efficient. (The extent to which the administration is regarded as more professional and efficient depends on to whom you are talking. In an evaluation of the Norwegian state college reform, senior faculty and administrators thought that the reform had resulted in increased efficiency and professionalism in the administration. However, this opinion was far less common among junior faculty; they thought that more bureaucracy was a negative effect of the mergers (Research Council of Norway 1998).

Economies of scale with regard to the number of administrators are, in contrast, less common. In spite of larger units where some duplicative administrative functions have been eliminated, mergers have not resulted in fewer administrators in total: rather the converse.

There are many reasons why this occurs. In countries such as Norway and Sweden it is almost impossible to fire people who have permanent
positions; logically this makes it difficult to rationalise staff numbers. Second, when administration has reached a certain size, it becomes almost self-generating, which in turn creates the argumentation for more work for its own sake. This is what Blau (1973) calls structural differentiation. When organisations grow, they usually become more complex with a distribution of new tasks and units. Complexity can occur horizontally (i.e. a distribution in many departments, sub-departments and centres); it can occur vertically through different management levels (e.g. central administration and disciplinary/local administration); and it can occur geographically (geographically spread units). A logical consequence of horizontal, vertical, and geographical differentiation is that new large merged institutions will need more administrative resources in order to keep the organisation together. The different activities of the organisation must be coordinated and controlled; the emphasis will be put on these activities in proportion to the size of the organisation (Mintzberg 1983).

Economics

Mergers are often intended to save money. It is difficult to say whether this occurs or not. Mergers require a lot of resources for planning, coordination and physical infrastructure, and they are therefore often expensive in the short run. But, in the long run, there may be some economies of scale. This is especially relevant with regard to common library systems, management systems and other administrative systems. But with regard to administrative systems, we have to differentiate between network organisations and HE institutions that are located in the same place. In the latter instance, rationalisation was positive in the sense that it enabled a more effective and improved use of physical resources and infrastructures. Network institutions, in contrast, are expensive to run, in any case in the short term. They are expensive, as it is costly to build up the technological infrastructure, and travel costs between institutions will rise.

Mergers have often resulted in more economic autonomy and consciousness than previously among management and staff. This has been pointed out as an important fact for sharpening economic and professional efficiency.

The American merger studies show that both public and private institutions achieve their goals regarding economic savings. Private higher education institutions were able to avoid bankruptcy and total closures. Nevertheless, they often had problems in regard to maintaining their ‘heritage’ and identity in the newly merged organisation, and they achieved
less than they had originally expected. The situation became worse for faculty and students as there were cutbacks and changes in their previous course and study plans. A possible reason for these difficulties is that, due to financial problems, the institutions were in a subordinate position during the merger transactions. In economic terms, we can say that they were ‘sellers’ in a ‘buyer’s’ market. Politically, they did not have enough power to influence the end result.

**Academic activities**

One of the intentions with mergers is to create better academic institutions. This pertains to both teaching and research. In this respect, experiences are mixed. The original goals for this have not been achieved in Great Britain nor in Germany regarding the polytechnics and the Gesamthochschulen. These institutions were intended to be alternatives but, with regard to the ‘level’, they should be equal to existing universities. There are many reasons for this failure, but status and prestige are two important factors (e.g. Pratt & Burgess 1974; Cerych et al. 1981; Goedegebure 1992).

There are, however, clear indications that mergers improve the future academic position (in the long run) of the new institutions, especially in regard to the breadth of different educations. Mergers in Australia, USA and the Netherlands have created broader and more multidisciplinary course programmes which still function well today. It is true that there have been tensions connected to the expansion of new academic profiles and new course programmes, but at many of these institutions the tensions have been characterised as creative: ‘healthy competition between different disciplinary units’.

Studies show that mergers are not marriages between equal partners. The greater the differences are in regard to size and course programmes between the institutions involved, the greater the probability that the mergers will be successful. They balance each other out and give more breadth and choice to their students.

Regarding research, the results are more uncertain. The extent of R&D in the HBO sector in the Netherlands is very limited and therefore not relevant in this connection. It is quite common for colleges in Norway to undertake R&D, but the extent between the institutions varies. The Norwegian state college reform has, so far, not resulted in more research. A recent study shows that the extent of research is approximately the same as it was before the reform (Kyvik & Skodvin 1998).

The restructuring of the Australian higher education system from a binary to a unified system (which meant that all the colleges of advanced education, CAEs, were upgraded to universities) is one of the state-
initiated reforms which has had the greatest effect on research. The process has led to external pressure on the universities to do both more and better research. Australia has an official ranking system for teaching and research, and very few of the smaller institutions have good reputations for both functions. In contrast, many of the smaller institutions, usually mergers of previous CAEs, have high rankings regarding teaching.

After the merger process, Australian has a new hierarchy of universities. These can be categorised in three groups:

- Old universities
- Technology universities
- New universities – previous CAEs

The problem is that the new universities want to copy the research profiles of the old universities; this was also the case with the new universities in the UK (which were mainly upgraded polytechnics). The consequences are, among other things, that the institutions are continuously becoming more similar – or poor copies of the older ones. Today, one of the issues in higher education policy in Australia is how to create greater academic diversity (Bradley 1993; Goedegebuure, Lysons & Meek 1993). But the fact that mergers are often connected to problems, stress, fear, and in part inadequate planning at all levels has created tensions that usually have a long-term effect on the academic development of the new institution (up to ten years). Such tensions are related to issues about teaching versus research, different competency profiles, identity and autonomy, and especially for the Australian and Norwegian reforms, professional education versus academia.

But the degree of tensions and conflicts with regard to academic development is to some extent dependent on the kind of strategy that has been chosen. Especially in mergers where the main strategy was to increase academic integration and collaboration, problems were often created between different academic cultures; which again hindered a positive academic development. At some institutions the integration goals have been attained to a certain degree, but – on the whole – the strategy has not been successful. There are many complex reasons behind this lack of academic integration and collaboration. First of all, it is difficult to establish coordination between different cultures and traditions. Second, for network institutions especially, it also difficult to establish coordination over distance. Third, more academic integration also requires more investments. During the reorganisation process in – for instance – Norway, the Netherlands and Australia, educational authorities tightened the budget (e.g. Goedegebuure & Meek 1991; Harman 1996; & Skodvin 1997). A general experience from mergers is that economic flexibility is important during
processes of reorganisation. The budget reductions, however, mean that it is very difficult to achieve such flexibility. When budgets are cut by educational authorities, a common reaction in HE institutions in these countries seems to be to blame the reorganisation process – that it is the merging process which is the main reason for the current poor economy. Academic staff, in particular, seem to regard the merger as an organisational, managerial and budgetary reform, rather than an academic reform to strengthen departments.

Furthermore, merger is a time-consuming process. A consciousness-raising process has to take place between the different units and cultures; they have to mature before they can recognise possibilities for collaboration.

LESSONS LEARNED

The title of the article is ‘Mergers in Higher Education – Success or Failure?’ Is it possible to answer such a question? It is not possible to answer it in a clear and unambiguous manner. The answer depends on to whom you are talking, the stance and perspective that you take. However, there are similarities in many studies that are striking. Simplified, we can differ between three types of similarities:

a) Structural-cultural

First, mergers do not appear to be a marriage between equal partners. Many studies have shown that the larger the differences between the involved institutions, the greater the probability that the merger will be successful. In this connection, the differences are related to size and the programmes which the institutions offer.

Second, geographical proximity plays an important role in regard to the institutions which should be merged. International experiences with mergers have shown that the most successful mergers took place between institutions which were physically not far from each other, or in the same place. It was only possible to save on resources and infrastructure in this kind of merger. The greatest problems occurred where the distances between the institutions were farthest, and where there were also large cultural and academic differences. Exceptions are some diversified mergers in USA, the Netherlands and Australia, where the strategy is that institutions should complement and supplement each other.
Third, there are clear indications that mergers improve the future position of the new institutions, especially in regard to the breadth of different educations.

b) Process oriented

Fourth, mergers are characterised by the contradiction between maintaining status quo and implementing change. In a situation with reduced resources, private institutions want to maintain, as far as possible, their traditional norms and objectives, as well as course and degree programmes. For public institutions, the tension concerns the wish to meet external political needs versus the desire to maintain traditional academic interests.

Fifth, the implementation of organisational goals often occurs at the cost of individual needs. Although most institutions obtain their goals sooner or later, they are often obtained at the cost of individuals participating in the mergers. A classic example is the tension between organisations and individuals. People may be negatively affected independent of the type of institutional control or background for the mergers. Anger, bitterness and fear are the byproducts of the process of merger. The experience of participants in mergers in the less dominating institutions is, among other things, less job satisfaction, and with the merger as such.

Sixth, merger processes are often connected to problems, stress, fear, and in part inadequate planning at all levels. These tensions usually have a long-term effect on the development of the new institution. The degree of voluntariness plays a role here. Experiences have shown that voluntary mergers (as for instance in the latest mergers in the Netherlands, Canada and Sweden) usually are more successful than ‘forced’ mergers (Australia, the Netherlands, Finland and Norway). The forced mergers seem to be marked by a lack of positive profitability, the degree to which the reform satisfies the organisational or personal needs of those it affects – ‘What’s in it for me!’ These mergers are a state innovation initiated by educational authorities and not requested as such by the employees of the different HE institutions.

Seventh, it appears that mergers in general are characterised by too many ‘top-down’ processes and too few ‘bottom-up’ processes (cf. Elton 1995). This pertains to both the institution internally as well as its relation to educational authorities. With regard to the former, examples of successful mergers in Mulvey’s study of American mergers are often by ‘bottom-up’ processes, characterised by a high degree of openness and strategic planning. The scepticism and insecurity of participants was reduced by including them in the decision-making process where both
advantages and disadvantages were discussed, and there was extensive use of informal face-to-face communication. Experiences have shown, however, that it is not always easy for institutions to take initiatives in relation to educational authorities. In Norway and the Netherlands, we find cases where ‘bottom-up’ processes have been hindered by educational authorities. If higher education institutions in these countries, for example, try to develop new educations or subjects, they need a kind of licence from the government to start them up. However, this is a bureaucratic and slow process that can take years, and it is not motivating for developments in the long run. If an educational system is to adapt to quickly changing demands from students, industry and society, it appears that educational authorities must either delegate these and corresponding decisions to the institutions themselves, or offer alternative procedures which make it possible to instigate academic changes at a faster pace (cf. Van Vught 1989).

c) Economic

Eighth, mergers appear due to external conditions/factors, for example in reaction to public policies or competitive changes within higher education institutions. In this connection a general fear of not having access to resources is one of the driving forces behind a merger.

Ninth, the results of many case studies in different countries indicate that administrative and efficiency questions seem to have dominated the processes (at least the first four to five years after the mergers), even if academic gains were the major reason behind the mergers. The last lesson learned, therefore, draws attention to the danger of trying to accomplish multiple objectives in the same process, especially if increased economic and administrative efficiency are two of the objectives.

In conclusion, we shall try to present a sketch of elements which characterise a successful merger. Mergers within higher education are complex, time-consuming and difficult processes which require negotiation and detailed planning. They should be viewed mainly as a long-term strategy and should therefore be accompanied by development plans (e.g. Mulvey 1993; Sanyal 1995; Fielden & Markham 1997). The status of different departments and academic faculty are often the most difficult obstacles to the process of merger. Leadership, strategic planning, the use of committees whose members are constitutive of the whole institution and emphasis on positive end results, are necessary factors for successful mergers.

Furthermore, results from many studies in different countries indicate that a successful merger is above all characterised by visible and strong management which is able to collect the different sub-cultures, as well
as create a joint feeling of identity and organisational structure. (In many instances the tendency has been to bring in external management.) This is particularly important in the implementation phase.

Second, it is important to develop goals or objectives which are shared by the majority of the staff. In this way, voluntary mergers are more successful than forced mergers. Third, access to resources is very important. Economic flexibility is required during the implementation phase. Other important factors for a successful merger are an integrated organisational structure, a well developed technical network, especially at institutions which are organised as a network organisation, and it is also important to have good balance between the different units in the network; almost an equable system (e.g. Hodgson 1996; Pettersson 1996). These experiences have also shown us that it is important to bring new blood into a system after a merger. This contributes to dampening cultural conflicts and tensions in the new organisation.

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