

DEFINE PROJECT

DEFINE THEMATIC REPORT: UNIVERSITY MERGERS IN EUROPE

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DEFINE

Designing Strategies for Efficient Funding of Higher Education in Europe

Thematic Report 2: University mergers in Europe

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Introduction

Today higher education institutions across Europe face demanding and complex settings and circumstances. Globalisation, internationalisation, the drive for quality, expectations surrounding new modes of teaching, rankings, the growing importance of research and innovation within the economic development agenda and above all the difficult economic environment have induced many reform processes in higher education. Traditional modes of funding have been transformed and continue to evolve and public funding in many countries is not as generous as it once was and in many cases is becoming more demanding and competitive. These changes are particularly significant in Europe where universities have traditionally been more reliant on public funding. The efficiency of funding, which is reflected by the capability to meet certain policy goals in a cost-effective way, is therefore becoming increasingly important.

The DEFINE project, the findings of which underpin the present analysis, has taken funding efficiency in higher education as the main focus of its research and activities, thereby providing data and recommendations which will support the development of strategies to increase the efficiency of funding. The project notably included the setting up of international focus groups of university practitioners to identify good practice, challenges and pitfalls as well as to assess the impact of funding efficiency measures such as performance-based mechanisms, institutional mergers and excellence schemes.

The project aims at contributing to the improved design and implementation of higher education funding policy and, in so doing, to enhance funding efficiency in the sector.

In the context of ongoing higher education funding policy developments at national and European level, the European University Association will use this study's findings to support universities in responding to these changes.

The present report focuses on mergers and concentration processes. These have been identified as a key issue for DEFINE because of their function in potentially increasing efficiency for higher education at both institutional and system level. The view that, by gaining mass, universities can find economies of scale and rationalise the use of resources, enabling them to function more cost-effectively, has been an important driver for merger and concentration processes. However, because of the scale and nature of the process, there is a lack of comprehensive evaluation at system and institutional level.

This report intends to provide a Europe-wide analysis of trends in merger processes. It begins with a comprehensive overview of the main trends in the development of merger and concentration processes from both a system-level and institutional perspective (see [part 1](#)). It then proceeds to consider these trends from the angle of 'efficiency' ([part 2](#)) and the different ways in which the process may be managed to achieve positive results ([part 3](#)).

Part 1: Mapping Mergers in Europe

1. Scope and methodology

This report maps and analyses different merger and concentration processes across Europe with a particular focus on the efficiency aspects. This provides the basis for recommendations to policy makers and institutions.

There is a wide spectrum of collaboration projects and initiatives in place between European universities, from cooperation on research projects to complex merger processes. Moreover, these all have their own individual characteristics, depending on geographical and historical factors, as well as the types of institutions involved and the characteristics of systems in which they take place. Recommendations therefore need to take account of these specific settings, and cannot be applied uniformly.

This report focuses specifically on mergers. A **merger** is considered to have taken place when at least one institution has ceased to exist as a legal entity, having been incorporated into either a new or existent institution. The Higher Education Funding Council for England (HEFCE) places mergers at the so-called hard end of the “CAM spectrum” covering collaborations, alliances and mergers¹. Collaborations, in this spectrum, are specific arrangements at institutional level, focused on a particular area, and encompass cooperation agreements, partnerships, and the creation of new entities such as joint institutes, schools or faculties. Alliances refer to broader collaboration forms, covering different areas, but where institutions continue to exist independently.

Collaborations and strategic alliances are referred to in this report where relevant, and can be considered as either steps towards or alternatives to the full merger processes analysed here. They can include the setting-up of common structures encompassing (fully or partially) different institutions, or the creation of an external common body such as a shared doctoral school, or looser forms of strategic collaborations. It is worth noting that the development of measures such as purchasing consortia or shared services, often result from a strong efficiency rationale.

For the purposes of this report, a **concentration measure** is considered to be a system-level initiative leading to a reduction in the overall number of higher education institutions through conventional mergers, or seeking to consolidate the system via the creation of federations / regional “hubs”, whereby a series of institutions are brought under the charge of a larger entity.

¹ HEFCE (2012)

EUA has collected evidence from 25 higher education systems in preparing this report. In the first phase, data was collected through two questionnaires on efficient funding strategies, including questions on mergers and concentration processes, which were sent to National Rectors' Conferences (NRCs, see [Appendix I](#)).

The responses to these questionnaires were subsequently discussed by the EUA Council and further verified through a course of follow-up interviews with representatives from each NRC in spring 2014. In addition to this system-level perspective, an in-depth institutional case study of a merger process was compiled through a structured self-evaluation by the leadership and management team at Aalto University, Finland, one of the DEFINE project partners, and a subsequent site visit by the EUA project team.

Further important input to the analysis was provided through a focus group held at Aalto on 28- 29 April 2014, at which university leaders and managers with experience of merger processes that had been identified through a call for expressions of interest, were invited to participate in in-depth discussions on various aspects of merger processes. A full list of institutions represented at this focus group can be found in [Appendix II](#).

A further source of information was the 2nd EUA Funding Forum, which took place on 9-10 October 2014 at the University of Bergamo, Italy. This event gathered together members of the higher education funding community to look at the themes covered by the DEFINE project. Part of the programme was dedicated to mergers and concentration measures, at which institutional experts presented their research and experience.

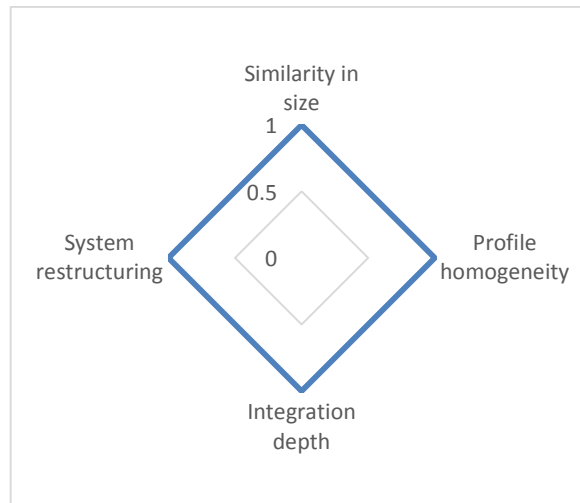
This report thus represents the project's findings resulting from a comprehensive data collection exercise. In order to collect information on a number of mergers across Europe, the timeframe² for inclusion in the data collection process was 2000 to today.

² The study undertaken at system-level focuses on merger processes taking place from 2000 onwards. However, the report refers to earlier individual processes in specific cases.

2. Typologies of merger and concentration processes

First, it is important to clarify the notion of merger and concentration processes. As already mentioned, these come in many shapes and sizes. The following elements can be used to differentiate the different types of mergers and concentration processes, although it is not an exhaustive framework for conceptualising such processes (see *Figure 1*).

Figure 1 Simplified merger profile



A first distinguishing feature of such processes is the **relative size of the institutions involved**. Where mergers take place between similarly sized institutions, and for the purposes of this report, these are referred to as “**horizontal**” mergers. This has been the case in France, for example, where the recent round of large-scale university mergers has, for the most part, occurred between institutions that are of comparable scale. These lead to a particular set of questions, such as how to combine the universities’ respective brands and resources, and tend to be very resource-intensive processes.

A different form is the “**vertical**” merger. This term denotes a merger of a relatively large institution with a significantly smaller counterpart, often an institution that specialises in a particular field. One example of this type of merger can be found at the University of Tallinn, Estonia which, since 2005, has merged with eight smaller institutes and colleges. These included public and private institutions, but which all specialise in one field (e.g. pedagogical studies, film and media). In such cases, the brand of the larger institution remains intact, with the smaller institution being “absorbed”. Vertical mergers are therefore also sometimes referred to as “absorptions” in this report.

A second key feature is the **type of institutions involved** in the process, determining whether the merger is involving **complementary or similar** institutional profiles and/or statuses.

There are examples of numerous different types of higher education institutions that undergo merger processes, such as, but not limited to:

- Comprehensive universities (e.g. Växjö and Kalmar Universities to form Linnaeus University, Sweden);
- Universities of applied sciences and technical universities (e.g., the merger of Oslo and Akershus University Colleges, Norway);
- Research centres and specialist institutes (e.g. the Institute of Education, which merged with University College London in 2014);
- Private higher education providers (e.g. Vistula University and the Finance Academy in Poland).

Institutions with the same status may have different academic profiles, as for instance the three universities which merged to create the University of Strasbourg, France (“scientific disciplines”, “humanities and social sciences”, and “law, political science and technology”).

It is clear that the combination of institutions involved has a significant impact on the process itself. For example, in mergers between universities that are highly complementary and where few programmes are duplicated, the impact on the staff numbers is likely to be lower. The combination of institutions will also determine decisions about branding. Therefore it is an important dimension when considering the wider topic of university mergers.

A third feature is the **depth of the integration process**. Institutions may decide to opt for comprehensive integration rather than a full merger, in which they retain their individual legal status but fall under a wider umbrella organisation in a federation model. This could be the purpose of strategic management or more practical matters such as sharing resources, and is normally undertaken by institutions within a certain region or geographical proximity. One example of this type of federative approach can be found in Italy, where six southern Italian institutions took the decision to form a university federation in 2011 or, in Spain, with the establishment of Ramon Llull University in Barcelona (see *Feature 1*).

The process of “**clustering**” is closely related, albeit generally undertaken through a system-wide approach, and steered by the sector and public authorities. Through such initiatives, regional university networks are created out of the existing higher education landscape. In Flanders, Belgium, university associations were formed between universities and *hogescholen* (university colleges). This process has been highly complex to organise as it has been linked to the transfer of academic programmes from university colleges to universities, including students and staff (see *Feature 2*).

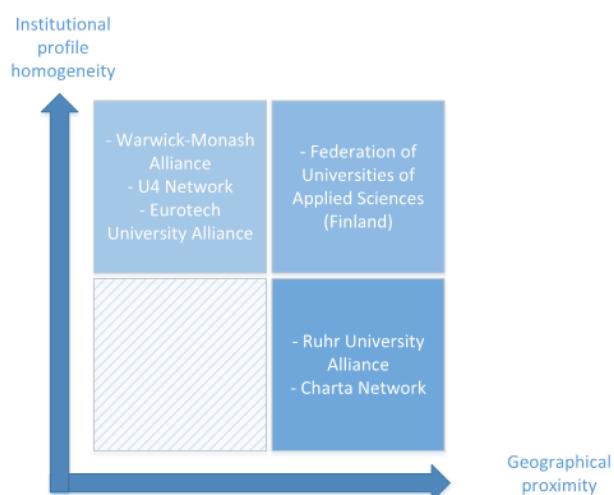
At the other end of the spectrum are full mergers whereby the institutions concerned consolidate their resources and become a single legal entity.

Outside of the scope of this report, **hybrid cases of structured alliances** can be found between individual institutions that go beyond targeted collaborative projects. These take on many configurations (see *Figure 2*), and can be organised on a geographical basis (for instance the Ruhr University Alliance in Germany, a shared brand for the three universities of the Ruhr region³), including across borders, as for instance the Charta network in the “Greater Saar-Lor-Lux-Rhineland-Palatinate-Wallonia Region” bringing together 13 HEIs in a structured strategic collaboration framework⁴). International collaborations may also be developed primarily on the basis of profile homogeneity, with less consideration for geography (Eurotech University Alliance or the U4 network, both involving four universities of similar profiles).

An atypical example is the alliance in place between the University of Warwick in the United Kingdom and Monash University in Australia⁵. In such a case, the geographical remoteness is shaped as an asset (“global alliance”). Both institutions collaborate further through joint investments, jointly appointed staff, research projects, academic collaboration and student activities. The management of the alliance is overseen by a joint academic vice-president.

Finally, alliances across institutions of similar profiles may be rooted in geographical proximity, as is the case for the Federation of Universities of Applied Sciences in Finland, uniting institutions based in the Helsinki metropolitan area.

Figure 2 Categorisation of a selection of structured alliances



These structured collaborations are the result of narratives not dissimilar to those leading to full merger processes (see *Section 4*) with primary objectives linked to international visibility and critical mass. However, these collaborations may include a significant efficiency element.

³ http://www.uaruhr.de/index_en.php

⁴ <http://www.charta-universities.eu/fr/a-propos-de-charte/f-was-ist-die-charta.html>

⁵ <http://monashwarwick.org/>

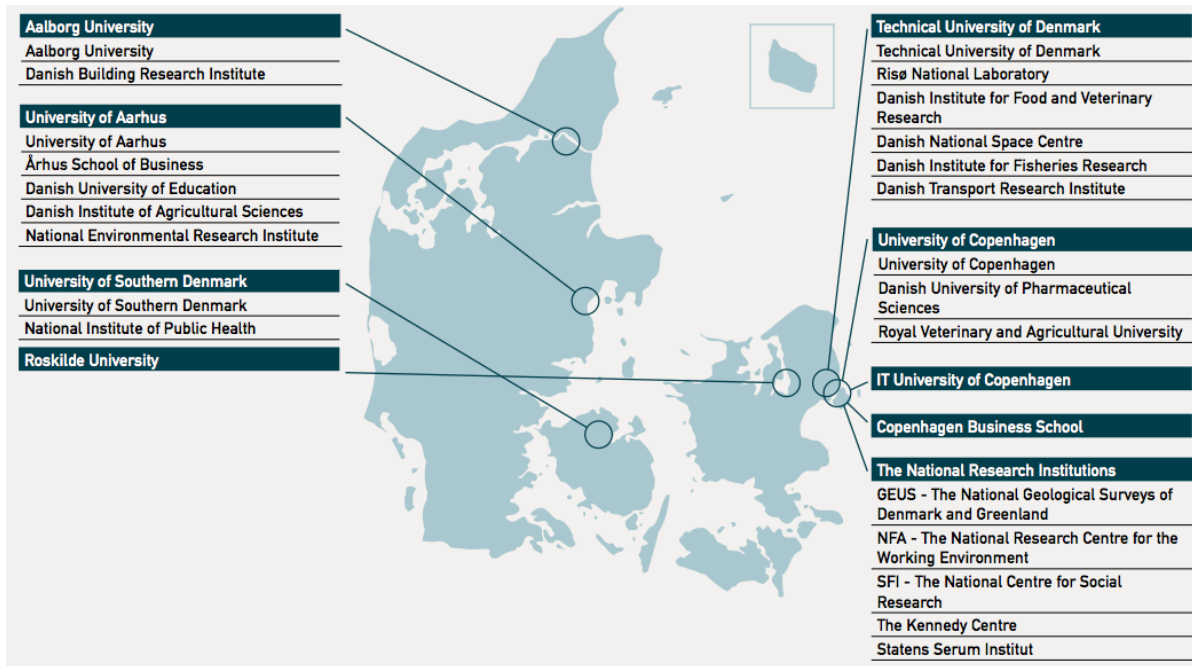
The U4 network, for instance, has developed an “institutional management cluster”, in the framework of which it completed a comparative study of the external and internal financing mechanisms across the four member universities with the aim to promote self-evaluation and exchange of good practices.

A final differentiating aspect is the existence of a connection of the merger to a **system-wide restructuring process**. Mergers may not have a relation to other higher education reform initiatives and take place in a primarily local context. One such example is the merger between the Victoria University of Manchester and the University of Manchester Institute of Science and Technology to form the University of Manchester in 2004. This was one of the largest university merger processes that has taken place in the United Kingdom, but it was not related to any wider restructuring process. On the other hand, public authorities in other systems have promoted mergers and concentration processes as a tool to accomplish a system-level reform of the higher education landscape. In Finland, for example, Aalto University was created as part of a highly funded government initiative to foster international excellence.

Denmark put in place an important system-level process which was completed in 2007, whereby several HEIs merged. From 12 full universities in 2003, the system is now composed of eight universities (see *Figure 3*). Massive merger processes also took place among university colleges. This system-wide process was embedded in a broader reform of the sector (set out in the 2003 University Act); the autonomy reform and the mergers were both components of the Danish authorities’ strategy to further strengthen the university sector’s global competitiveness. More precisely, the process involved two types of mergers; that of government research institutions into universities (complementary type), and mergers among universities themselves (similar type). According to the international panel that was tasked with evaluating the reform, “the mergers have created a new Danish ‘map of universities and research’”⁶.

⁶ <http://ubst-ro.dav.rackhosting.com/The%20University%20Evaluation%202009%20Evaluation%20report/html/kap05.htm>

Figure 3 Re-organisation of the Danish higher education & research landscape (2009)⁷



⁷ Ministry of Science, Technology and Innovation of Denmark. (2009): Danish University Evaluation 2009 – Evaluation Report, Annex 7
<http://ufm.dk/filer/publikationer/2009/The%20University%20Evaluation%202009%20Evaluation%20report/html/kap06.htm>

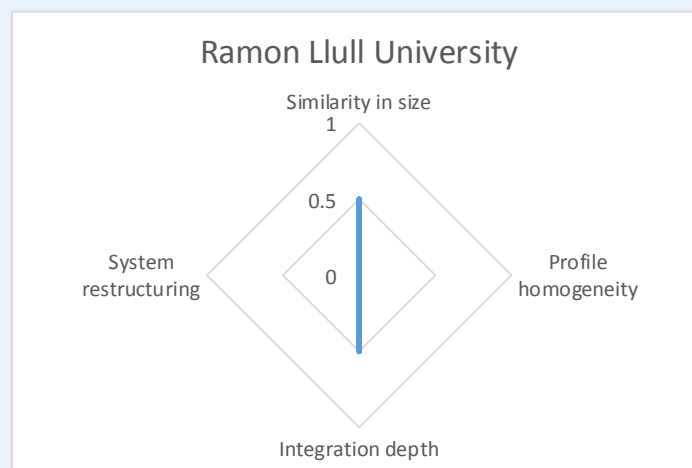
Feature 1 The federative choice of Ramon Llull University

Ramon Llull University was formed by the merger of a network of Spanish higher education and research institutions in 1990. The process began around 1987 when some colleges in the area of Barcelona commenced discussions to create a new university. In 1989, the University's legal structure was registered as a Foundation, and in 1990 Ramon Llull University was formally established. It received the assent of the Catalan Parliament in 1991, enabling it to welcome its first student intake in the 1991-1992 academic year.

Ramon Llull University is a non-profit private university. The ten institutions that merged were small colleges covering a number of different academic fields, some of them with more than 50 years of history. Before the merger, these colleges had previously been affiliated with public universities in Catalonia, therefore including them into a private not-for-profit university presented specific challenges.

The institutions that founded the University were all keen to gain mass before the merger, but instead of pursuing their own individual projects aimed at institutional growth, they opted to unite their efforts and develop a common university project. Several years were needed to move from an "implicit strategy" (the sum of each federated institution's specialisations and characteristics) to a "common global strategy" for a coordinated, unique and shared project. The governance of the University has a federal structure; there is a central governing body which oversees the activities of the colleges, composed of representatives from the different institutions and other members representing civil society, while the colleges retain their own boards of trustees.

Financial economies were one of the most important aspects of the rationale for the merger. Due to their affiliation to public universities and the fact that they were all providing services individually, the potential for economies of scale through shared services was considerable. Indeed, evaluation has shown that the collective costs of the colleges have been reduced by a factor of ten due to the merger. This was a key justification for the sacrifice of autonomy by the colleges. However, this success has only been possible due to the improvement in quality that the merger has heralded.



Source: DEFINE Focus Group feedback

Feature 2 Clustering process in Flanders, Belgium

As from 2003-2004, a major restructuring of the higher education system (clustering) started with individual HEIs joining in five different “university associations”. The aim was to bring together all university colleges around the five universities in order to prepare for a process that has been coined “academisation”: bringing the two cycle study programmes in university colleges to an academic level.

As of 1 October 2013, the Flemish community includes 23 HEIs, organised in associations structured around the five universities: Antwerp, Ghent, Hasselt, Leuven (KUL), Brussels (VUB). The associations are based on the existing links among the HEIs, which only partly follow a geographical logic (regional collaborations).

The associations are umbrella legal entities whose basic mission (fostering research cooperation between the university and the university colleges) and governance structures are laid out in the relevant regulations; however, each association may decide on the internal modalities as well as how far it takes the cooperation/integration among its different units. Each association needs to reach a balance between the need to maintain a significant physical presence on its various campuses and limiting duplication.

While funding allocation remains at the level of each HEI, in certain cases specific research funding is allocated directly at the level of the association.

Flemish public authorities wished to address the issue of excessive fragmentation of the higher education sector, especially considering the comparatively small size of the Flemish system; it was felt necessary to bring more clarity into the system and to stop the academic drift of university colleges (by reallocating academic programmes to universities). This was coupled with the intention to promote entities of sufficient size to be visible and competitive in a European context.

The move has been perceived by all stakeholders as a necessity, despite the associated challenges. The restructuring is also believed to bring more transparency and more efficient allocation of resources.

Source: Flemish Interuniversity Council (VLIR)

3. Mapping university mergers in Europe

Since 2000, mergers or concentration processes have occurred or been discussed in a large majority of the systems analysed. However, the extent to which mergers are being undertaken or actively considered in different systems varies greatly.

In many countries, National Rectors' Conferences reported that over the period there have been significant discussions / processes around mergers and concentration measures in the higher education sector (for instance in Belgium, Croatia, Denmark, Estonia, Finland, France, Hungary, Latvia, Lithuania, Norway and Sweden).

In Hungary, a large-scale rationalisation process took place before 2000. The number of higher education institutions has been further consolidated since then to 28 (from around 50 in the 1990s, and 31 in 2000). In Croatia, the discussion and processes largely took place before the period considered (mid-1990s), but the merging processes have resulted in the creation of three new universities in 2002, 2003 and 2006. It should be noted that this development intervenes in a traditionally fragmented system, where the four historical universities consist of highly independent faculties. Both models thus co-exist in the country (with federative or centralised management).

In Finland and Sweden, discussions and preparations have been on-going, with several mergers having taken place in the last decade (and more mergers planned in the medium term). In Estonia, the number of higher education institutions has substantially decreased over the period 2000-2012 (from 41 to 29), due to a series of primarily vertical mergers and cases of closure (linked in part to a change in the accreditation system). The merger cases concern private universities, vocational education and professional education institutions (such as pedagogical colleges) being absorbed by existing public universities, which number remained unchanged over the full period.

From 2007 onwards, the number of mergers which could be recorded in this study has increased significantly. This is notably due to the wave of mergers in Denmark in 2007 and to a series of individual mergers taking place in different countries. Large-scale processes (in relation to the size of the system considered) can then be identified in Belgium, with a process over the period 2009-2011 in the French-speaking Community, and the setting up of "university associations" in 2013 in Flanders. Also outstanding is the evolution in France, which combines a series of individual mergers to the broader trend of establishing "university communities" (federative type of cooperation entities, being developed in 2014-2015), in parallel to the development of a national Excellence Initiative aimed at generating world-class universities and research centres. At a smaller scale, the three merger cases reported in Wales (UK) between 2010 and 2013 are very significant in relation to the size of the system, and are also a result of a strong political will, despite opposition from the sector (which led to a partial failure of the plan promoted by the authorities – see *Section 5*).

Finally, in Greece, an “Athena plan” foreseeing a series of mergers, closures and generally a rationalisation of the higher education system was discussed in 2012 in the wake of the economic crisis and implemented during 2013 and 2014, including a series of absorption processes of smaller institutions or departments by bigger HEIs.

In other countries, mergers have been a more isolated phenomenon (Czech Republic, Germany, Iceland, Italy, Poland, Portugal, and Slovakia). In England and Scotland, mergers may be qualified as “isolated” in the sense that there is no political agenda on the topic, although public authorities, funding bodies and the sector itself are seeking to enhance collaboration.

In other systems, although there may be a tendency to intensify collaboration between institutions in targeted fields such as research, no significant merger process has been reported. Other types of collaborations have been taking place, such as strategic alliances in the Netherlands. In Spain, fostering the pooling of resources through closer cooperation has been part of the government’s higher education strategy since 2008. This entailed the creation of “campuses of international excellence” composed of several institutions, but has not led to mergers. It should be noted that in several European countries, the evolution of university mergers in recent years is indeed closely related to the development of national excellence initiatives.

In Germany and Austria, the number of public higher education institutions has actually increased, with the establishment of new universities of applied sciences (Germany) or medical universities (Austria) as separate institutions.

In Turkey, the higher education landscape is experiencing an expansionary phase, with many new institutions being established, so there is no consideration of consolidation through mergers at this point.

A comprehensive online tool mapping university mergers across Europe is under development by EUA and will be launched in 2015. The distribution of reported merger cases per country over the period analysed is summarised below (cases of institutions absorbing different entities in separate waves are counted as different merger processes). It is interesting to note both the continuous increase of merger cases reported and the more significant dispersion of cases across countries, in particular since the second half of the 2000s, showing that the phenomenon is of growing importance throughout Europe. Figures per country should be considered compared to the size of the system – four cases in Germany may be considered anecdotal, while four in Finland represent a structural change in the system. 2015 data is necessarily incomplete (only France has already reported cases for this year).

Table 1 Number of merger cases per system 2000-2015

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	total
BE-fl				1										5			6
BE-fr										2		2					4
DE				1		1				1				1			4
DK							2	5					1				8
EE	1	1	1			3	2		1		1		1				11
FI									1		2			1			4
FR										1			2	1	8	4	16
HR			1	1			1										3
HU									1	1			1				3
IE												1		1			2
IS									1								1
IT															1		1
LT											1						1
LV					1						1		1				3
NO										1		1		1	2		5
PL		1			1					1							3
PT														1			1
SE									1		1	1		1	1		5
SK						1											1
UK ⁸			1		1			2			1	2	2		2		11
Total	1	2	3	3	3	5	5	7	5	7	7	7	8	12	14	4	92

⁸ Including cases from England, Wales and Scotland

4. Rationale and aims behind merger and concentration processes

There is a wide array of motivating factors for mergers as, by their nature, they affect every field of university activity. The identification of the specific rationales of the various cases is not always easy. The use of different sources has shown that there is rarely a single objective view of the drivers and rationales, depending on the constituency asked.

Indeed, National Rectors' Conferences involved in the DEFINE study refer to a combination of objectives for merger and concentration processes. Moreover, there may be a certain overlap between motivating factors at system and at institutional level. However, the main points that were reported can be put into four categories as detailed below. It should be noted that the different drivers listed below are the ones that the National Rectors' Conferences most frequently cited; the order in which the drivers are listed is not meant to reflect their prevalence in any country. In addition, one should bear in mind that merger processes most often respond to their own particular combination of drivers.

- i. **Increased quality** in both research and teaching activities was frequently mentioned by the National Rectors' Conferences consulted. Respondents universally stated that the potential improvement in academic quality and the advancement of strategic academic objectives should always figure highly when making the case for a university merger. This improvement may be derived from the pooling of academic talent and infrastructure, greater financial or staffing resources, and opportunities for interdisciplinary research with a wider variety of academic subject areas. Removing low quality programmes is a related aim, particularly in the framework of large-scale, system-level restructuring processes.
- ii. **The realisation of economic gains**, such as economising financial and human resources, is a strong expectation mentioned in many systems across Europe. Increasing staff and student numbers was seen as advantageous from a financial perspective when it comes to strengthening institutions' bargaining positions with public authorities. In addition, the public funding mechanisms may favour larger institutions, notably as their critical mass increases, for instance in research. The potential to generate more revenues – whether from public or private sources – from a stronger and wider basis may also be a consideration. Likewise, there can be economies of scale in the provision of services, such as more efficient delivery of professional services, and possibilities for streamlining arising from the enlarged infrastructural stock.

However, experience shows that economic gain should not be the primary driver for undertaking a merger process. The reasoning behind this is not purely derived from the primacy of universities' academic missions; even more fundamentally, mergers should not be seen as an effective way to save money in the short-term, given the high transition and implementation costs.

These can stem from communication, infrastructure and process refinement costs that come as direct consequences of the decision to merge, in addition to the considerable human resource costs in planning and implementing the merger process itself. In some cases financial reasons never even figured as a driver in the process. Aalto University is a notable example of this, where the merger was driven by a desire “to add value, not to save money”.

Furthermore, merger and concentration processes tend to be long-term projects, making any favourable financial return a distant prospect. At Aalto University, the positive financial effects of the merger began to be felt four years after the formal completion of the process. For other institutions, it has taken even longer to see the benefits – in some cases up to 15 years.

Finally, underpinning a merger with primarily economic arguments will not contribute to securing staff buy-in to the process, if there is no substantial academic case to back up the proposal. This is logical, given the primacy of academic objectives in university missions.

- iii. **Consolidation of the system** is a general driver reported by several systems where merger processes have been organised in a “systematic” way, as for instance in Belgium / Flanders, Denmark, Finland, France, Hungary or Latvia. This comprises diverse motivations, including overcoming fragmentation, achieving critical mass, avoiding duplication of programmes, creating synergies (for instance by integrating universities and research centres) and reacting to the demographic decline (see *Feature 2*).
- iv. **Strengthening the institutional position**, for example, through increased regional and international competitiveness or a stronger position in relation to funders, was also frequently reported, with a series of systems specifically citing stronger research capacity as a reason (for instance in Germany, Poland, Portugal and Sweden).

Universities may see mergers as a means of gaining greater academic success and reputation through increased size and for instance the development of niche disciplines resulting from bringing different specialisations to collaborate more intensively. Merger processes, by rationalising the structures inherited from the founding institutions and removing duplication, may also help in eliminating programmes of insufficient quality. Internationalisation was another common theme, with mergers seen as an effective way of gaining a greater profile on the international stage. This can help universities to attract more staff and students from overseas, as well as giving added opportunities to undertake international collaboration.

- v. **Geographical drivers** played a role in many cases, especially where higher education institutions tend to be smaller and more widely spread out. In the case of Norway, this inspired a push toward centralisation by government (see next section on [public authority involvement](#)).

Complementarity of academic profiles between geographically close institutions can provide an even greater impetus; highly complementary institutions may merge without major alteration in terms of staff structures, while increasing the academic offer and the profile of the combined institutions.

On top of these, historical interaction between institutions clearly plays a role. In these cases, mergers are evolutionary processes, starting out at less integrated levels of cooperation (e.g. consortia and partnerships) and moving towards full mergers.

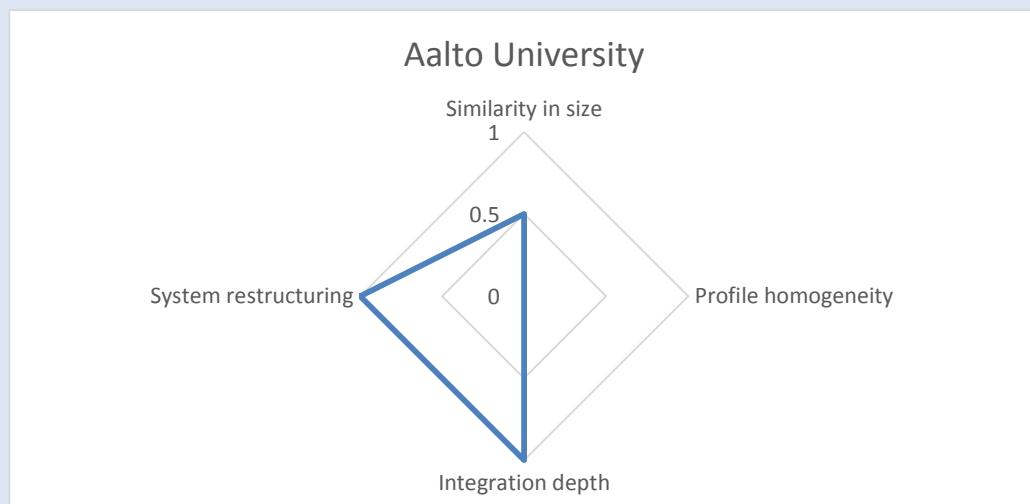
The rationale behind university mergers typically consists of an assortment of drivers as outlined above, including academic factors (e.g. expected positive impact on research output and learning and teaching outcomes), organisational factors (e.g. redeployment of university structures) and financial factors (e.g. more efficient use of funding through economies of scale). Beyond those, it is important to take on board other key elements, such as internationalisation strategies or local considerations, in order to build a comprehensive business case to support a process that involves substantial upheaval. While academic reasons should lie at the forefront of such major restructuring initiatives, financial sustainability should nevertheless not be overlooked. It should be borne in mind that all of these aspects are closely scrutinised by members of the higher education funding community.

Feature 3 Drivers of the Aalto University merger

The overview of the main drivers for university mergers in Finland, and especially the Aalto University merger, which is outlined below, shows that the merger responds to a combination of concerns/opportunities, and that the creation of value is at the core:

1. *Responding to increasing requirements for critical mass and academic quality, clearly defined mission and internationally more attractive academic environment in higher education institutions.*
2. *Desire to enhance the competitiveness of the Finnish economy through stronger universities, based rather on their future innovation potential than the past performance of the merging universities.*
3. *Enhancing the quality of Finnish universities to meet globalisation challenges. In recent years, Finland had been losing ground particularly in research quality and the attractiveness of its research environments.*
4. *Increasing the government funding of Finnish universities closer to the funding levels in competing European universities.*
5. *Launching the university reform: removing the burden of heavy regulation and lack of autonomy in decision-making and financial issues, reforming management structures, relaxing recruitment practices, improving working environments and facilities as well as deteriorating infrastructure.*
6. *Diminishing the fragmentation of the Finnish university sector as there were as many as 20 universities in Finland before the university reform.*

It should be noted that in the case of the Aalto University merger, reaching financial synergies was not a main driver. It was recognised by all parties –government, universities and also business life – that major upgrading to the prevailing funding level was necessary to enable the new university to realistically reach the international top level in university education and research in selected fields. Due to the expressed purpose of the merger and heavy financial investments by both the government and private business, foundations and individuals, the formation of Aalto University should not be seen only as a merger, but also as an excellence scheme.



Source: Aalto University DEFINE self-evaluation report (unpublished)

5. Involvement of public authorities

Through its work on university governance⁹, EUA has previously demonstrated the merits of institutional autonomy. This includes an organisational dimension – in particular, the freedom for a university to set its own structures, processes and strategy. In line with this, universities are best placed to identify their own needs and develop strategies accordingly, including exploring and instigating merger processes if deemed appropriate, rather than having wide-scale reorganisation imposed in a top-down fashion. However, public authorities have a role to play in these processes; the government's responsibility is to provide a political vision and a structure for the system that will enable it to meet agreed objectives over the long term. The sector and the public authorities need to set up the framework for an in-depth dialogue on such important questions as rationalisation and consolidation of the system.

Consequentially, it is often difficult to identify which actors initiate or drive merger processes and concentration measures, because of the multitude of perspectives that surround these iterative processes. In this sense, it is not always possible to state conclusively which actors were dominant in a given process. However, in certain cases it is clear that public authorities took a stronger or weaker role. In the data collection process, this line of enquiry was pursued to understand the impact of differing levels of public authority involvement on merger processes.

As previously explained, in certain systems, mergers and concentration measures have formed an instrumental part of a top-down, system-wide reorganisation. This includes various different methods such as using legislative reforms and obliging or incentivising institutions through financial or academic means. Elsewhere, universities have developed their own merger initiatives outside of any government agenda-setting initiative, and in some cases had to convince public authorities to obtain the authorisation to proceed. The dynamics between institutions and public authorities are unique to each process; it may even be observed that top-down and bottom-up logics co-exist within the same systems. However, regardless of their level of involvement in the actual process, public authorities set the regulatory frameworks that enable or inhibit institutional mergers. The Dutch “merger control” law (*Wet Fusietoets*) passed in 2011 is an example of a regulation that favours “small-scale education”.

⁹ <http://www.eua.be/eua-work-and-policy-area/governance-autonomy-and-funding/governance-autonomy.aspx>

The following table (Table 2) details some of the ways that public authorities may interact in the process.

Table 2 Position of public authorities in merger processes

Approval	Encouragement / support	Obligation
“non-obstruction”	Academic incentives	Legislative requirement
Passive approach	Financial support	
	Political imperative	

There are numerous examples of joint approaches between universities and public authorities. In these cases, public authorities often lay down the legislative framework or provide additional funding for the process, while leaving institutions to define the details and structure of the process for themselves. In Flanders, Belgium, the process was set out by the regional government, who developed a plan to create regional “hub” universities. Driven by a desire to streamline their higher education system and address the low proportion of university entrants relative to the *hogescholen* (universities of applied sciences), the Flemish regional government embarked on a system-wide concentration process in coordination with the universities. This involved the creation of five higher education “associations”, each consisting of a hub university and a varying number of technical colleges. It also involved the transfer of a large number of university-level Bachelor’s and Master’s courses from technical colleges to universities (“academisation”).

The ongoing merger processes in France are another illustration of the multi-faceted interaction between universities and public authorities. Since 2007, the latter have orchestrated a general reorganisation of the higher education and research landscape in the country. Several initiatives, including large-scale investment accompanied by legislative reforms, have been implemented in order to achieve greater visibility and competitiveness in the sector. Some high-profile university mergers, such as that of the University of Strasbourg (2006-2009), are embedded in these developments, while remaining primarily bottom-up undertakings. These pioneering universities have set a precedent for a larger wave of mergers in the 2010s, with a stronger impetus from public authorities. The government made it mandatory for universities to group into “University Communities”, paving the way for more far-reaching – and voluntary – merger processes. Therefore, in the French case, mergers are also closely linked to the Excellence Initiative as a policy tool, of which more information can be found in the DEFINE thematic report on that same subject (EUA, 2014a).

It is to be noted that in both these cases, collaboration between universities and public authorities led to largely satisfactory results for both parties, with plans gaining both the support of public bodies and significant buy-in from the university communities, leading to a high success rate (at least in terms of completion of the process).

Where public authorities contribute funding to the process, new facilities and capital investment can act as a powerful incentive. Other systems in which merger processes have been jointly led by universities and public authorities include Denmark, Estonia, Finland and Ireland.

Wales provides one example of close public authority involvement in directing the reconfiguration of higher education. In the period from 2003 to 2012 the Higher Education policy of the Welsh Government was driven by the wish to reduce the number of universities in Wales and as a consequence foster mergers in the sector (see *Figure 4*). Whilst the broad objective of reducing the number of universities in Wales was eventually achieved, resulting in the establishment of the University of South Wales and the University of Wales Trinity Saint David, repeated attempts by the public authorities to direct Cardiff Metropolitan University to merge proved unsuccessful (see *Table 3*). This can be attributed to the absence of a compelling business case to convince students, university governance and management of the added value of the merger and the resulting loss of autonomy. In other cases, top-down vertical mergers may be a common feature in the system. In Latvia for instance, there have been six absorptions of small specialist colleges by larger universities at the request of public authorities since 2000. However, as previously mentioned it is important that universities are given the means to determine their own strategies, especially when it comes to mergers. In the case of Cardiff Metropolitan University institutional autonomy enabled it to oppose sub-optimal merger plans. Public authorities should consider setting up incentives to support merger processes if this is the retained mechanism for achieving the political vision for the system. Efforts should be made to seek synergies between such system-level political objectives and institutional strategies.

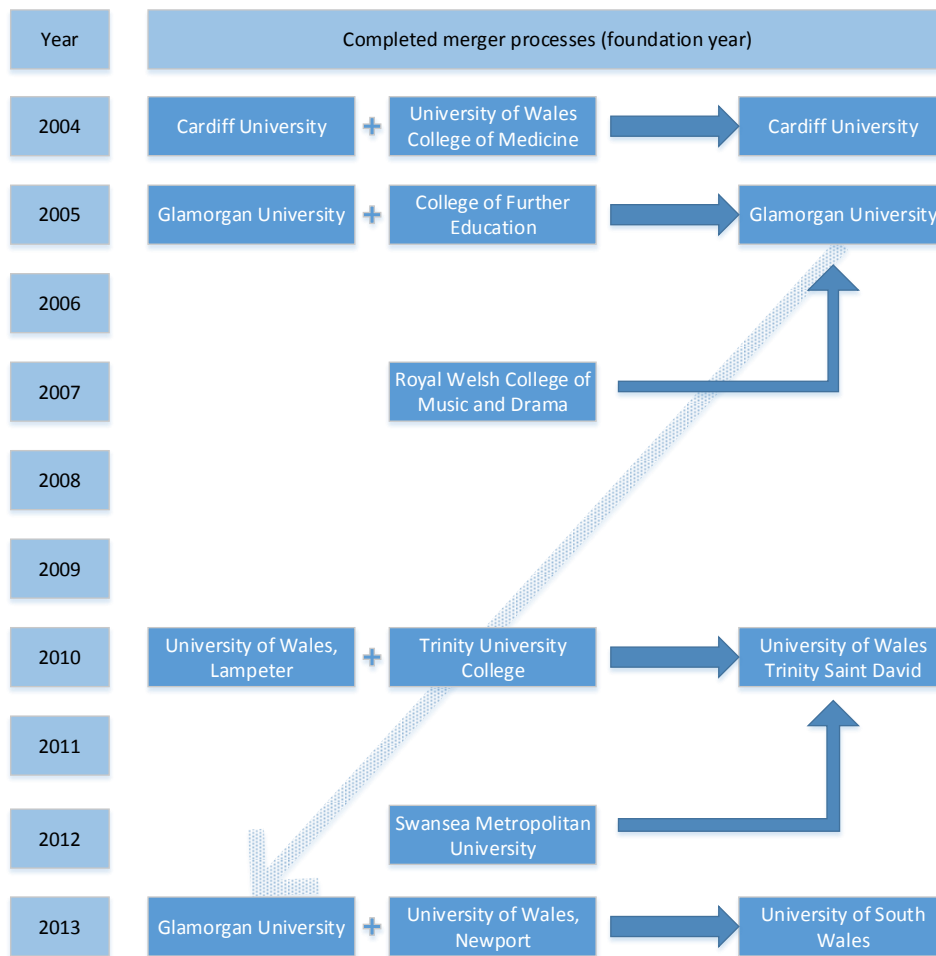
Table 3 Discontinued merger explorations at Cardiff Metropolitan University

2003	Discontinued merger exploration between UWIC (University of Wales Institute Cardiff, previous name of Cardiff Metropolitan University) and University of Glamorgan
2005	Discontinued merger exploration between UWIC and University of Wales, Newport
2010	Discontinued merger exploration between UWIC, University of Wales, University of Wales, Trinity St David and Swansea Metropolitan University
2012	Cardiff Metropolitan University rejects Welsh Government proposals for a merger with University of Wales, Newport and University of Glamorgan

More information on university autonomy in Europe can be found via the EUA Autonomy Scorecard report and online tool¹⁰.

¹⁰ <http://www.university-autonomy.eu/about/>

Figure 4 overview of system restructuring in Wales¹¹



In other systems, merger processes have been led by institutions themselves, even though the decision normally requires government ratification. In Sweden, the horizontal merger of Linnaeus University came to fruition thanks to a joint initiative led by the two founding institutions. In Norway, the government legislated to introduce a minimum size for universities, stimulating institutions to consider mergers. However, the mergers that did take place, such as the creation of the University of Tromsø – the Arctic University of Norway, were voluntary and public authorities did not play a strong role in the process. During spring 2015, the government released a white paper on further restructuring of higher education and research in Norway, after consultation with the sector. The paper outlines the vision for the future of the sector and supports the decision of twelve institutions to merge voluntarily into five by 2016. These processes mainly concern university colleges merging into universities (including the Norwegian University of Science and Technology, the University of Stavanger and the University of Tromsø) or into larger university colleges.

¹¹ Own elaboration using data available from UK's Higher Education Statistics Agency on HE provider changes: <https://www.hesa.ac.uk/content/view/2884/141/>

The Norwegian research institute sector are also expected to undergo similar developments, possibly involving institutes merging into universities. It is worth noting that the Norwegian government is setting aside funds to support these mergers (about 9 million EUR in 2015, with more funds expected in 2016).

At the other extreme, the merger between the University of Lisbon and Technical University of Lisbon took place without any encouragement from the public authorities. The executive leaders of the two institutions had to actively convince representatives of the Government and Ministry to secure their approval. There was particular pressure to justify the costs involved in the process at a time when public funding for Portuguese universities was falling. Therefore in this case, the financial case for the merger took on added importance.

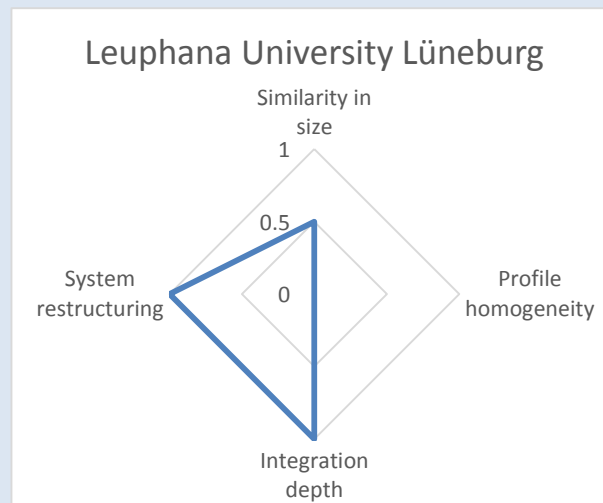
There is clearly a high variation in the level of involvement of different national public authorities, with some taking a more pro-active role and others leaving institutions to lead the process. However, in a majority of cases investigated the common perception was one of joint “driving” between public authorities and universities.

Feature 4 Leuphana University Lüneburg

The University of Lüneburg and the University of Applied Sciences of North-East Lower Saxony officially merged on 1st January 2005 into the Leuphana University Lüneburg.

The merger was embedded in the political “concept of optimising HEI structures in Lower Saxony”. The structural decision was based mainly on an external fundamental evaluation of research performances of the Lower Saxonian HEI (starting at the end of the 1990s). Lower Saxony was the first region in Germany to introduce a system of continuous research evaluations. Additionally, the Lower-Saxonian government wished to reduce the number of HEI campuses for economic reasons. Based on this political strategy and the outcomes of the research evaluation, the decision was made to merge the university and the University of Applied Sciences in order to maintain a HEI in this part of the region.

Partners presented different academic profiles and were part of two separate HEI systems. The formal structure of the new university was set by a particular law setting the frame for a so-called “model university”. The draft was extensively discussed by the government and the two boards of the universities, and the law was unanimously adopted by the Lower-Saxonian Parliament. The strong political, top-down impulse given to the merger created challenges in the management of the process and in the communication towards the different constituencies of the institution. However, the fact that the merger was urged by the public authorities also meant that it benefited from favourable regulatory frameworks, with the new university being given the status of Foundation under public law, which guaranteed a higher level of autonomy.



Source: DEFINE Focus Group feedback

Public authorities and institutions should seek synergies between the system-level political vision and institutional strategies, in a framework that respects university autonomy.

Public authorities should recognise that merger processes require significant upfront investments and support the merging institutions by 1) setting up an enabling framework, 2) creating appropriate incentives, and 3) allocating extra funding to meet the costs of the transition.

University leaders should develop a clear narrative for the merger, focusing on the added value for the institution, staff and students, and society. A positive and ambitious vision should be put forward. Merger processes cannot and should not be driven by financial reasons alone.

Part 2: Delivering efficiencies?

The question of efficiency in higher education, and in particular in higher education management, is a multi-fold concept that goes beyond financial matters and relates to the way in which universities carry out their core missions. However, efficiencies – in the sense of better use of financial resources – may be derived from a wide set of measures. Possibilities include, but are not limited to, the pooling of infrastructure, streamlining the workforce, process refinement and improvement, and enhanced funding potential.

As previously mentioned, one of the possible motivating factors behind the decision to undertake a merger process is that they are seen as a way of providing financial gains by delivering university activities more efficiently, albeit secondary to academic objectives. But is this a realistic ambition? It should be noted that there are some limitations in the evidence available relating to efficiencies derived from mergers. Firstly, there are long lead times when it comes to the implementation of mergers, and even when the processes have been completed, the real financial and institutional effects of the transformation may take some years to become fully apparent. Therefore, even for mergers that took place towards the beginning of the period surveyed, it may be difficult to discern conclusively where efficiencies have been delivered. Secondly, in many cases, no thorough evaluation of the process is carried out to identify such efficiencies precisely because it is seen as a one-off transformation, rather than a learning process. Finally, actors of the process may set deliberately high objectives in this regard in the planning phase in order to further support the case for the merger.

This section focuses on approaches taken by institutions involved in a merger process towards the question of efficiency. Most stakeholders tend to underline the added value generated by the merger; undertaking a sophisticated ex-ante assessment of costs, and possible gains, is a difficult exercise – and so is a real ex-post evaluation, in particular as the need for it may not be strongly felt.

1. Creating value

It bears repeating that enhancing academic excellence should remain the primary objective in any merger or concentration process. Meeting this objective requires significant resources and investment. However, once achieved, improved quality can lead to delivering efficiencies. Consolidating and improving quality on both an institutional and system-wide level is likely to have a positive knock-on effect on funding possibilities by enhancing the profile, perception and reputation of the higher education institutions at different levels. This can improve the institutions' chances of success in securing competitive funding and strengthening their bargaining position with public authorities. In this sense it is a virtuous circle; enhancing quality through mergers creates more opportunities for greater efficiency.

Mergers can help improve academic quality in various ways, as outlined in the previous part of the report. This includes consolidating the institutions' academic offer; helping universities to attain a "critical mass" in their research activities that enables them to increase these activities at a faster rate; enhancing international visibility and bringing more opportunities for partnership work; improving attractiveness to both potential staff and students; and, on a system level, reducing fragmentation. There are numerous examples of where this has been achieved.

Feature 5 The University of Lisbon

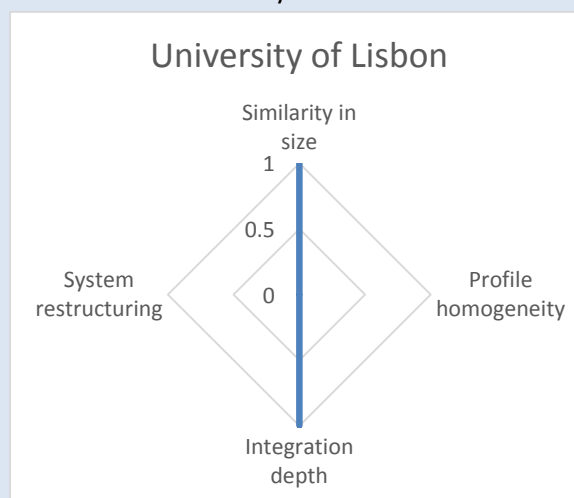
The merger (2012-2013) involved the University of Lisbon and the Technical University of Lisbon, which are partners of equivalent size. Both universities were research universities, but each of them focused on certain academic fields in such a way that there was strong complementarity between the partners with minimal overlap.

Expected gains:

- Research: complementarity expected to build a large space of knowledge production and research in frontier areas, reinforcing convergence initiatives and transversal “communities of practice”.
- Learning and teaching: better articulation of the educational offer, opening of new pathways for training in a context of mobility of staff and students and creation of joint programmes.
- Services: expected gains in efficiency and scope, especially in science management, support of internationalisation, technology transfer and support to students and graduates.
- Relationship with community and public authorities: improved connection to the city of Lisbon and the promotion of cultural, artistic and sports activities as well as improvement of social action; increased capacity for social and political influence and increased bargaining power with public and private entities.
- Internationalisation: enhanced potential for new educational and research initiatives for a more effective presence in the world, including in the Portuguese-speaking countries and emerging countries in Africa, Asia and Latin America.

Challenges identified:

- Organisation: risk of a “business-as-usual” approach in a more complex and larger institution, subject to greater bureaucratisation.
- Autonomy: need to preserve the necessary degree of organisational autonomy for the merged units and protect academic freedom.
- Government: need to find the right balance between the principles of autonomy, subsidiarity and complementarity, which inform the choice of governance model.
- Dispersion: risk related to the geographic dispersion of the campuses, hindering integration, efficiency of management and procedures and mobility of staff and students.
- Paralysis: risk of dissipating energy in the internal organisation, neglecting the strategic objectives of outsourcing of activities of the new university.



Source: DEFINE Focus Group feedback

2. Assessing costs and gains

A strong academic rationale for merging must be backed up by a solid economic case. Both elements are essential pillars of a successful merger. It is important to enter a merger process with an understanding of the implementation costs involved, as these are often considerable, particularly in the case of large-scale horizontal mergers. The transition phase is for instance a particular aspect to consider in this regard. It is clear that the length of the transition period required for fully implementing and embedding processes following mergers is difficult to apprehend. Many institutions involved in mergers underestimated how long it would take to mainstream procedural change (e.g. HR and finance processes) and establish cultural change.

Underestimating the duration of the transition period leads to allocating too little time and resources to complete all the work as envisaged in the plan. This has a knock-on effect on the delivery of efficiencies.

However, identifying costs can be extremely difficult to do with any degree of certainty.

The approach taken in the different cases analysed in the framework of this study can be categorised as follows:

- **Estimate the cost curve:** a cost analysis carried out during the planning process, on the basis of estimations rather than a real analysis, e.g. anticipating that administration costs would rise by a certain percentage in the first years.
- **Identify economies:** for instance in the use of pooled infrastructure, or by streamlining the workforce in “duplicated” areas (e.g. in services).
- **Balance costs and savings:** instead of a full cost analysis, some institutions instigated a principle of limiting costs wherever necessary. This meant that where costs were incurred, efforts were made to find equivalent savings elsewhere.
- **Estimate the losses incurred by “business as usual” approach:** a different spin on the costing process may also be taken by the university leadership; rather than placing emphasis on what could be gained by undertaking the process, specific attention may be paid to how the institutions would lose out if they carried on with “business as usual”. IT infrastructure is an example of this; while a merger process normally requires extensive investment in IT to bring together the different systems, this might have to happen in any case at individual institutions needing to upgrade their infrastructures. Therefore, it may be adjudged that the larger investment in a combined system brings real economies of scale.

The importance of calculating costs, however this is carried out, is linked to the risk that resources can be diverted from the fundamental university missions; indeed, it is this threat which makes it crucial to prioritise academic considerations in the merger rationale. Throughout the process, it is important to try and mitigate the impact of this diversion of resources wherever possible.

It should be established (and communicated) at the outset of the process that some degree of diversion might be unavoidable and justified by the achievement of the academic goals upon completion of the process. Indeed, a merger that saves money for the institutions but does not contribute to the academic missions cannot be described as “cost-effective”. The level of external funding committed to the project can contribute to addressing such a challenge; merger projects that receive backing from government divert potentially less resources from key teaching and research activities. Indeed, it is worth reiterating that wherever additional finance has been provided to support merger and concentration initiatives, it has been with a strategic view to improving academic quality (e.g. in France), rather than in search of financial efficiencies.

Overall, it is of paramount importance to give full consideration to the **opportunity costs** of a merger process and assess those against the cost of a “business-as-usual” approach. Given the significant amount of time and investment demanded by a merger, it is necessary to consider how these resources could otherwise be spent. A particularly important aspect of this is how much time academic staff with management duties might spend on the process and how this could affect their teaching and research activities.

If this is deemed to be unjustifiable in light of the potential benefits of the process, then the merger process should not proceed. Instead, the whole range of collaboration and cooperation possibilities (such as strategic alliances, joint programmes, etc.) should be reviewed to establish which would be the best option for the institutions concerned.

Feature 6 Resourcing the Aalto University merger

In connection with the formation of Aalto University, significant financial investments were made to ensure the university could deliver the expected results. The government committed to **additional annual funding** of up to 100M€ until the end of 2015. The additional funding commitment was to increase the university funding base for the integration phase of the university. In addition, the university continued to receive the regular funding from the state budget according to the new performance based funding formula. No tuition fees were introduced in Finland during the reform.

The government also committed to support the **formation of endowment capital** of the university, along with other Finnish universities, by supporting the fundraising activities in two ways.

The first was a commitment from the government to invest 2.5 times the donations that the universities were able to collect from the Finnish private sector and private persons. Aalto University succeeded in raising 200M€ and was thus given government capital investment of 500M€ in return. Thus the university has a 700M€ endowment capital where the return of the capital can be freely used for funding the university operation. In addition, as part of the 2010 university reform, the state gave as initial working capital to all universities two-thirds of the shares in companies that own university buildings and land (previously owned by the state directly). Universities also received ownership of all other properties such as equipment, IT infrastructures, etc. The second way of supporting the fundraising effort was the **tax deductibility** of the donations to the university sector, which was a significant incentive for the donors.

Source: Aalto University DEFINE self-evaluation report (unpublished)

3. The challenge of evaluation

Evaluating merger processes is a requirement for identifying where efficiencies have been achieved and for capturing success stories that will help to consolidate a positive post-merger narrative. However, as mentioned above, since mergers are transformational processes that are seldom repeated at the same institutions, it is understandable that often these evaluations do not focus on failures or elements that could be improved, because there is no practical way for the concerned institution to benefit from this knowledge. Therefore, a range of evaluation approaches to merger processes, with different objectives, can be found across Europe.

- **Comprehensive evaluations** are more commonly found where there was a sector-wide restructuring initiative driven by public authorities, such as in Denmark where government research institutes were integrated into the university sector while several mergers between universities took place. Following the completion of this initiative, the government organised an evaluation led by international higher education experts. This was a highly resourced undertaking, with the evaluation being carried out over a 12-month period in 2008 and 2009. It took into account a wide range of aspects of the process and made a number of forward-looking recommendations for how Danish universities can further capitalise on the opportunities provided by this new landscape. These focused primarily on research and teaching outcomes, but also featured organisational and financial topics, such as strategies for building greater industrial investment in newly-merged institutions. Given the expense that it entails, this type of large-scale international evaluation is not feasible in every case, but is a necessary step where merger processes form part of a wider system-level reform.
- Short of a comprehensive evaluation, many universities carry out **benchmarking** to chart their progress (linking to the previously mentioned importance of identifying effective performance indicators). This can be especially relevant in the case of horizontal mergers that are made to raise the institutional profile. International rankings are sometimes used to provide this type of benchmarking, although much caution should be exercised when relying on rankings with diverse and varying assessment criteria for such an important exercise (see EUA's work on the impact of rankings on institutional strategies – EUA, 2014b). Other performance indicators relating to funding and student numbers have also been used to this effect.
- In some cases, the focus of the evaluation was the **staff experience**, collected through surveys and focus groups. Indeed, the main motivation for such evaluation was not to justify the merger through statistics, but to create a narrative of success for the whole process.

However, given the constantly evolving nature of the higher education sector (such as the growth in internationalisation over recent years), previous indicators can become redundant, especially when mergers are measured over such a long period of time, and therefore they should be periodically reviewed.

An overarching theme here is the importance of retaining a forward-looking perspective, rather than looking back at *faits accomplis*. This may translate into the setting up of a structure where senior managers periodically meet with staff to reflect on the process and identify new opportunities, encapsulating this positive focus.

Another approach to evaluation is to implement continuous assessment of the process. This enables the new institution to “fine-tune” itself and make small adjustments to structures and processes after implementation. This can be done by holding regular catch-up meetings with key stakeholders at different levels and in different fields.

University leaders and managers may also consider that an evaluation of the process is neither appropriate nor necessary; in these situations, the merger is viewed more as a transformational process which would not benefit from ex-post assessment. There may be several reasons for this: firstly, large-scale horizontal mergers are not processes that are likely to be repeated at institutional level, so the benefit of the exercise would be limited at local level (unlike at system level and internationally). Secondly, there may be the concern that a frank evaluation identifying criticisms and missed opportunities would destabilise the buy-in and commitment of stakeholders. Thirdly, it is an extremely difficult exercise to complete in a comprehensive way, given that a significant part of the costs and benefits is intangible and unquantifiable. Fourthly, mergers are long-term processes and real organisational change takes years to become embedded, so evaluations can only be effectively carried out in the long-term.

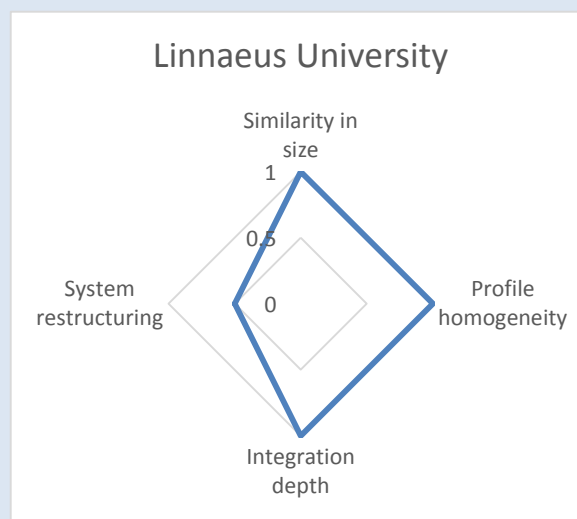
Finally, the rationale and drivers behind the merger are key considerations in the decision on whether to undertake a full evaluation. A vertical merger aiming at consolidating the academic offer in a given area may not require an in-depth evaluation considering that the mere completion of the merger suffices to achieve the goal. On the other hand, where public authorities drive the process to improve quality, it makes sense to gauge progress in some way to assess whether the objective has indeed been met.

Feature 7 Assessing gains of the Linnaeus University merger

The Linnaeus University was founded in 2010 through a merger of two older institutions, Växjö University and the University of Kalmar. There were many reasons behind the merger, the most important of which was to strengthen the academic profile. The new university became almost double the size of either of the individual institutions with approximately 2000 staff members and 30 000 students, making it a large, instead of a medium sized, university in Sweden. This has proved itself to be important in, for example, recruiting new students. Linnaeus University has quickly gained in popularity, increasing the number of applicants by 32% in four years. This gained popularity and a larger overall student body of the merged institution has meant a greater stability and possibility to venture into new projects and strategic changes.

The gained academic strength has also made it possible to strengthen research. External funding has risen by more than 40%, and the relative impact of publications by more than 20%. New areas of excellence have been identified and have been given strategic funding. The research strength has developed through new recruitment of professors, the number of professors has increased by 17%. The larger institution has also made it possible to more effectively administer the university. As a consequence, overhead costs have fallen by 13% and, in particular, by 35% in research.

The merger has taken great efforts to accomplish. Therefore, it should be thought of as an investment for the future. Still, as some of the indicators mentioned above show, one can also get some rather quick pay-backs. One important reason for this is that in forming a new university it is possible to make more dramatic changes. Such changes are often not possible otherwise, at least not without much resistance from within. Forming a new university also means that strategic goals can be formulated far more freely, since there is no need to inherit the older institutions' strategies. A new and powerful strategic plan, together with purposeful leadership at all levels to implement the strategies, are keys to progress.



Source: Stephen Hwang, Rector of the Linnaeus University, in: *EUA Leadership Perspectives on Funding (to be published)*

Public authorities should not engineer system-level restructuring with the sole view to achieving economies, but rather build a sound academic case and a political vision for the system. The resource intensiveness of the transition within institutions should be estimated and adequately compensated for. Public authorities should invest in an ex-post evaluation of the process, in particular to inform the further development of policies for the sector.

Universities should undertake a pre-merger costing process, while remaining mindful that pinning down precise costs is not possible. The merger should be supported by a strong academic and business case, considering that mergers are lengthy, resource-consuming processes which are difficult to reverse.

It is important to specify defined assessment criteria and apply these equally across the whole institution to arrive at a balanced and comparable assessment of the wider situation.

If it is shown that the real and opportunity costs can be justified by the potential academic gain, then it becomes possible to consider financial efficiencies.

A merger process may not to be the best option for the institutions concerned, once an evaluation of the costs involved (both real and opportunity costs) and the potential benefits (both academic and financial) have been carried out. When making this ultimate decision, the leadership and relevant stakeholders should consider other possible cooperation options in order to ensure that the most suitable way forward is selected.

Part 3: Managing the process

The success of a merger, from both an academic and an economic angle, depends heavily on the quality of the planning and implementation phases of the merger process (success factors in these phases are described below in *Table 4*). These two parts of the process may be usefully differentiated by considering “planning” as the preparation undertaken before the decision to merge is taken, and “implementation” as the work that must occur before the merger takes effect. However, there is a great deal of overlap between these parts of the process, as the amount of work that goes into the process before the decision to merge is taken varies to a high extent between institutions. Therefore, both planning and implementation are considered together in this section, as important phases determining the potential for a merger process to deliver efficiencies. Despite the significant diversity of experiences in the field, common good practice and success factors, obstacles and pitfalls have been identified through the DEFINE data collection process and are further described here. The section focuses in particular on the design of the leadership and governance structures, the involvement of staff in developing the new institution, communication and the consultation of students.

Table 4 Success factors in planning and management

Planning and implementation steps	Success factors
Develop the academic case	<ul style="list-style-type: none"> Create an inspiring vision for the new institution Shape out the added value of the merger Identify expected gains
Build the economic case	<ul style="list-style-type: none"> Consider losses, opportunity costs and assess relevance of alternative collaboration mechanisms
Cost and resource the process	<ul style="list-style-type: none"> Estimate transition costs Allocate resources to transition phase
Set up a working structure to carry out merger process	<ul style="list-style-type: none"> Involve the different groups and constituencies of the institutions Strike the balance between involvement and disruption from normal workload Consider thematic organisation and different degrees of involvement
Design the governance model	<ul style="list-style-type: none"> Consider setting up advisory bodies to strengthen the link between the new leadership and the different structures / groups
Establish the leadership team	<ul style="list-style-type: none"> Consider the balance between representation of the previous entities and inclusion of external expertise
Shape communication strategy and channels	<ul style="list-style-type: none"> Identify and reach out to internal and external stakeholders Ensure effective communication flows throughout the organisational structure Ensure adequate feedback loops at all levels Promote the academic case of the merger Ensure full commitment of the leadership (of merging institutions and of newly created institution) Acknowledge change and possible losses and explain gains to the different constituencies Adopt a transparent approach
Monitor and evaluate the process	<ul style="list-style-type: none"> Set clear progress indicators Monitor progress at intermediary stages and assess costs Consider halting the process / alternative collaboration measures if negative outlook Carry out an ex-post evaluation of the process

1. Governance

Unless the process is directly initiated by public authorities, the origins of the process are found in a dialogue between the senior management of the institutions concerned. The decision to formally undertake a merger requires the consultation and ratification of various external and internal actors before implementation can commence (typically university councils and senates).

The analysis of various merger cases shows that the steering of the process is most frequently placed directly under the joint leadership of the merging institutions, often with the support of the corresponding senior management team. At the operational level, a taskforce or merger project team is generally put in place at an early point to map out how the merger will be implemented, and reports to the leadership. This team coordinates the work and feedback of a series of usually thematic working groups organised at inter-institutional level and within the institutions themselves. The establishment of shadow structures is also a frequent feature in the process (bodies that do the work of existing institutions in the form of the newly merged university).

The effective participation in such structures of the university community, and in particular of academics, was identified as a key success factor. Where the process is primarily top-down, either from the level of government and public authorities, or from senior management and rectors, extensive consultation with staff is essential. Involving students is another good practice (see *Section 4*). Merger processes spread over several years and as such may make it difficult to achieve continuity in the involvement of student representatives; nevertheless, it has proved to be a rewarding exercise which has contributed to the improvement of communication within the concerned institutions. The involvement of students also tends to strengthen the focus on generating these important “quick wins” in the process.

In some merger cases, other stakeholders are involved in the governance of the merger process; these may be representatives of public authorities, in cases of politically engineered mergers, or external experts advising on the process itself. The merger whereby Dublin City University incorporated smaller colleges involved external consultants in the implementation phase; at the University of Strasbourg, consultants intervened towards the end of the preparation phase and advised on the design of the new organisational structure.

Table 5 Examples of direct involvement of public authorities in merger process steering

Linnaeus University	The government appointed a "pre-rector" and a "pre-board" to make decisions.
Merger of St Angela College and NUI Galway	The process is steered by the Higher Education Authority and by the senior management meeting regularly to negotiate the Heads of Agreement and merger process.
Leuphana University Lüneburg	The formal structure was set by a particular law setting the frame for a so-called "model university". The draft was mainly discussed by the government and the two boards of the universities involved. The most relevant committee was the Boards' Meeting – often with a representative of the government (state secretary) – where basic decisions were prepared and then presented to the senates.

A credible and authoritative leadership team for the post-merger institution is a primary concern when planning a merger process. There are several options to achieve this, depending on the background of the founding institutions and the narrative for the merger process. A new team can serve as a "new face" for the merged institution, showing that it is more than just a combination of the old institutions. Bringing new expertise at the senior management level may mean hiring leaders from the higher education field, or combine this with fully external recruitments from other sectors of the economy. In the latter case, it is essential to provide all necessary induction tools to ensure a full understanding of the dynamics of a higher education institution. Another option is a careful composition reflecting the balance of the different interests and previous affiliations. Indeed, the leadership team composition should help secure the trust of all key stakeholders. Extensive thought and negotiation is required to ensure that the final settlement between the merging partners is accepted by all. Failing to achieve this at an early stage can cause problems at a later stage; disagreements over the composition of the leadership team have thrown doubt upon (and sometimes led to the postponement or failure of) merger processes under negotiation.

The timing of the transition of power also has an impact on the success of the merger. There were examples of merger processes where the new rector and leadership team were given immediate control at the beginning of the process, while in other cases the new rector only came in at the end of the process, even though they had been selected six months previously. Feedback from those concerned indicated that an earlier transition is more advantageous in order to establish the new institution as an independent and coherent organisation.

The principle of institutional equality plays a vital role in these negotiations. In horizontal mergers, the institutions concerned must feel they are equal partners at every stage of the process, although this does not necessarily mean they should be represented in equal numbers in the new management team. Likewise, in vertical mergers the smaller institution should be given a proportionate status to the larger institution in the organisational structure.

Moreover, new institutions should recognise and respect the heritage and achievements of old institutions in a way that does not affect the creation of the new university.

Indeed, addressing cultural change and overcoming old institutional culture requires a tailored approach for every merger process. This is indelibly linked to the type of merger taking place; vertical and horizontal mergers will have different characteristics, especially in relation to the creation of new brands. One of the most important decisions from this perspective is how to formulate a new organisational structure, or whether to retain existing ones. It was agreed that as long as previous organisational units remain in place (even with new names and structures) some form of allegiance, or mere attachment, for the old institutions remains.

However, there are contrasting opinions relating to how to manage this. In some cases, it was felt that for the merger to be fully effective, old organisational units could not be permitted to operate independently. While such centralisation may then be gradually relaxed, it makes clear that the former institutions cease to exist at the time when the merger takes effect.

Equally, examples of the opposite approach exist, with universities undertaking structural reorganisation incrementally, and gradually asserting the dominance of the new institution over time. This is justified by the concern that enforcing change at the start would irreversibly alienate staff and could have the directly adverse effect of strengthening allegiances to old institutions through resistance to a merger process. The “absorbed” institution may be given a special status different from that of the other organisational units; conversely, a larger structure being merged with smaller ones may be itself broken down in smaller units to create a more level playing field for all actors in the new institution.

Finally, the status of individual schools and faculties following a merger should be taken into account when planning the new institutional structure. For many academics, allegiance to these organisational units is greater than to the overall university, in which case remaining sensitive to internal organisation is crucial to gaining buy-in. Overall, it has been observed that removing the basic group structures that staff and students previously identified with can be a very destabilising process, so the need for this should be carefully assessed.

2. Planning and management

Process change was highlighted as a very important aspect at the implementation stage. In horizontal mergers, this should involve taking best practices from all merging institutions, rather than imposing change in a unilateral fashion. The same principle should apply for vertical mergers and the larger institution should be ready to consider good practice from smaller partners. However the dynamics of this question differ from horizontal mergers, with the need for new processes to fit with those in place at the larger institution. In all contexts, there should be a clear project management strategy in place supporting change transversally. It is also clear that process change should not be viewed as a finite process that is completed once the merger has been implemented. It should be accepted that alterations and adjustments are needed over time as operational issues become apparent.

Developing trust and fostering the commitment of staff to both the process and the resultant institution should be essential principles of the management strategy, and transparency is particularly important in order to achieve this. There was consensus among consulted university leaders and managers that an open-door approach whereby staff can follow and contribute to the process yields better results and is preferable to an approach where decisions are taken without thorough consultation. However, the level of transparency is often defined by the origins of the merger decision; where public authorities take the lead, the process is often perceived as being more top-down.

A critical element in this respect is for the leadership to strike the right balance between the wish and need to involve the largest possible constituency internally and the importance to limit the diversion of precious resources. Experience shows that although this is extremely difficult to achieve, a structured approach can enhance the efficiency of feedback loops and thus help academic staff focus on their core tasks while being properly listened to.

At Aalto University, the merger process was facilitated by “transformation teams” organised around a series of themes. Each team included different thematic working groups, which in turn referred to “commentators” and “reference groups”. The intensity of the time commitment and workload in relation to the preparation of the merger was proportional to the place of the team/group in this structure, with full time commitment for the “A8 team” (consisting of theme leaders and project directors), down to occasional involvement of members of the reference groups at the end of the chain. The thematic committee structure is a common point with the merger of the University of Strasbourg (see ***Error! Reference source not found.***).

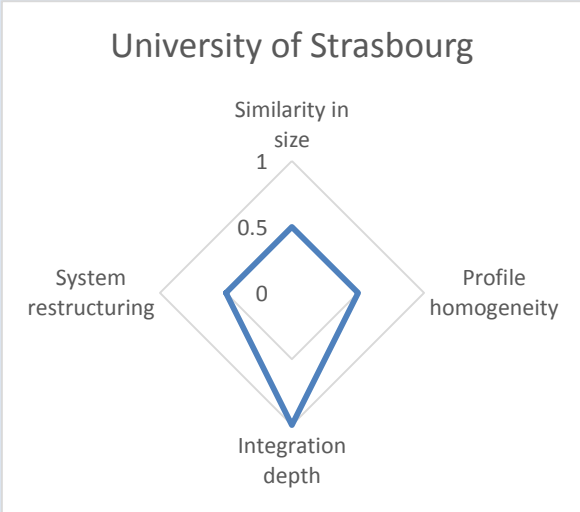
Feature 8 The University of Strasbourg

The University of Strasbourg was officially founded on 1 January 2009, after about three years of preparation once the decision to merge had been taken in 2006. The merger was primarily a project owned by the institutions themselves, in a context where the public authorities fostered clustering in the sector. The institutions involved took advantage of the reform of the regulatory framework initiated in 2007 by choosing to be part of the first round of universities entrusted with ‘enlarged responsibilities’ (notably as regards staffing autonomy and budget management). The main driver behind the process was the willingness to improve the international attractiveness of a stronger, more visible institution with critical mass and comprehensive academic offer.

The process was steered by the leaders of the three merging institutions and managed and supported by an operational project leader and a coordination team. The structure also included a series of inter-institutional thematic committees and working groups within each institution. External consultants were invited to provide advice on the design and implementation of the new organisational structure. The European University Association accompanied the change process and subsequently carried out an audit of the merger.

Success factors
Common vision of the leadership
Favourable political and regulatory developments (autonomy reform; “operation campus”)
Geographical coherence (same campus)
No significant overlap in the academic offer
Common history of the three partners

Challenges
Limited human resources and significant additional workload for involved staff
Change management methodologies not proportional to the ambition of change
Change of leadership teams during the preparation process
Diversity in the governance and administration profiles of the three partners
Heterogeneous academic traditions and institutional cultures
Pioneering merger process in France: no ‘best practices’ available



Source: DEFINE Focus Group feedback

Mergers are resource-intensive processes (see *Part 2, Section 2*). The merger cases which were analysed almost universally reported significant additional workload for various categories of staff, more or less directly involved in the actual management of the merger itself, particularly in the first phase of the process.

Although providing a precise evaluation of the extra workload created proved impossible in most cases, three main approaches seem to co-exist. Key staff at operational level may be officially appointed to the task of managing the merger process and relieved of normal daily work, with their roles being backfilled by other appointments as far as possible (University of Manchester, Dublin City University). Specific project leading expertise may be hired externally (University of Strasbourg). However, in most cases, the project is carried out by key university staff in addition to their regular tasks. This was felt as particularly difficult for staff who stand at the “periphery” of the merger process itself but whose workload is nevertheless affected by connected changes and who often benefit from less direct support (particularly the administration of sub-institutional units). Only in a minority of cases, which consisted in bringing a smaller institution under the umbrella of a larger one, was the extra workload limited (outside of the direct merger management), because of the degree of autonomy retained by the new sub-institutional unit.

The table below (*Table 6*) provides examples of the combination of challenges faced in different mergers, as reported by practitioners directly involved in those processes.

Table 6 Challenges faced in analysed merger processes

University merger 1	<ul style="list-style-type: none"> - Getting buy-in and the compromises that had to be made to achieve this - Running the merger alongside keeping the two universities going – exacerbated by the difficulty of effectively backfilling roles - Communication
University merger 2	<ul style="list-style-type: none"> - No extra resources were given to the university which meant that it had less relative research funding after merger than prior - Two different cultures need to merge into one - Difficulty in merging the two administrative systems
University merger 3	<ul style="list-style-type: none"> - Distance between the two institutions merging (over 150km with little public transport linking the institutions)
University merger 4	<ul style="list-style-type: none"> - Constant need for integration of different academic cultures and the transition to a completely new institution; non-traditional ways had to be adopted, and were often not accepted in a traditional HEI community - Difficulty of external partners and stakeholders (e.g. departments of the ministries, funding agencies) to adapt to the new institution
University merger 5	<ul style="list-style-type: none"> - Difference in administrative cultures during the founding period - Two rounds of reductions of the administrative staff and technicians
University merger 6	<ul style="list-style-type: none"> - Managing the unrest created by the process among staff
University merger 7	<ul style="list-style-type: none"> - Adapting organisational cultures, harmonising the administrative structures - Fighting the fear of lay-off in the smaller institution
University merger 8	<ul style="list-style-type: none"> - Financial challenge associated with the cost of the merger - Cultural differences between the institutions, leading to differing values and work practices - Staff anxiety about the changing workplace; allegiance of staff to their original workplace; lack of identity with the new larger institution
University merger 9	<ul style="list-style-type: none"> - The scepticism of the academic staff, their hesitations about the identity matters, preserving academic culture, fairness in financing etc.
University merger 10	<ul style="list-style-type: none"> - Loss of productivity during period where the new institution operated on two campuses simultaneously
University merger 11	<ul style="list-style-type: none"> - Two different types of universities, different cultures, common profile, research funding, reputation
University merger 12	<ul style="list-style-type: none"> - Change in the leadership that initiated the process - Challenge in designing a new organisational and administrative structure fitting the larger institution - Insufficient use of change management methodologies - Lack of human resources to carry out the project - No possibility to learn from previous cases in the same system
University merger 13	<ul style="list-style-type: none"> - Creation of new intermediary level structures - Administrative staff being “re-allocated” to new jobs - Disruption caused by major change in regulatory framework

Feature 9 “Integration” challenges at Ghent University

In Flanders, Belgium, the process of integrating academic programmes of university colleges into universities triggered various complexities, among which long negotiations on the **status of staff** being transferred. At the system level, default rules for integration were established, but it was left to the stakeholders to decide in each case (however, the default rules were perceived as more advantageous for university college staff and were therefore applied in most cases). A further complexity was that in each association, the different colleges were allowed to have different rules in the first place.

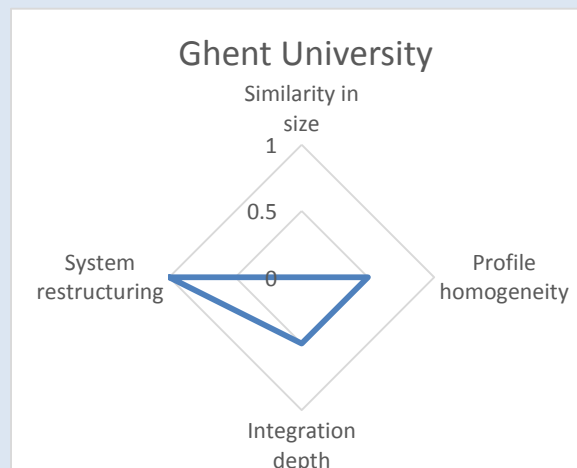
At Ghent University, two paths were designed for integrating the 650 staff coming from the university colleges:

- An “integration pool”, whereby staff retained duties and rights according to the previous status (possibility not open to new recruitments)
- A “university pool”, whereby the staff can switch to university status when a corresponding status exists in the university

Promotions were possible in both pools (in accordance with corresponding regulations) until it would be decided in agreement with the unions to change the system.

Another challenge has been to come to terms on the **use of infrastructures**, leading to bilateral agreements determining usage fees and compensations paid to the university colleges which own the facilities (academic buildings for student housing, restaurants, sport infrastructures, etc.)

The overall process was supported by an extra **integration budget** of 40 million EUR (for the entire system), allocated to the universities via the application of different weightings for students being transferred from university colleges to universities. However the sector estimates conclude that this support only accounted for a fraction of the real cost of integration (about 10%).



Source: Flemish Interuniversity Council and Ghent University case study presented at the joint EUA-HUMANE DEFINE seminar (November 2013, Aveiro, Portugal)

3. Communication

Communicating a positive image of the merger and the change that it entails is essential for securing the buy-in of staff and students. This helps to create the new institutional identity that staff and students will start to call their own. Indeed, it is a widely held view that old institutional identities cannot be removed or deconstructed; rather, a new, positive brand must be established that will sooner or later take precedence over the old universities in people's minds. A well communicated mission is an essential complement to this; an innovative and inspirational mission for the merged institution was seen as being of vital importance.

Time should be taken to reflect on *who* needs to be persuaded by the merits of a merger process. Institutional stakeholders vary from university to university and can cover large and diverse constituencies (even including religious groups, see *Feature 11*). One group that should always be taken into account is the local community. There are several examples of highly effective communication campaigns to engage the local community to secure their commitment to the process. This is particularly important in regions where there is a strong local rivalry between institutions; it may be necessary to reassure the locality that their own institution is not being "swallowed up" by a neighbouring, larger institution that is perceived to be dominating the merger process. In some cases, this issue had led to problems regarding, for instance, the location of the rector's office, and other symbolic dilemmas.

It is worth underlining that if adequate levels of buy-in cannot be secured, the decision to continue with the merger should be re-evaluated. To continue without a solid base of staff support could lead to resentment and disappointment, and end up adversely affecting the universities' academic output. Indeed, there are examples of mergers that have been abandoned for this reason but to mutual eventual benefit. This underlines the importance of a contingency plan; commencing planning for a merger process should not lead to a path dependency that cannot then be reversed.

As far as gaining buy-in is concerned, pinpointing key projects, departments or ventures that will stand out as prestigious or exciting opportunities thanks to the merger, was identified as an effective way of winning over staff. The identification of "quick wins" shortly after implementation was also reiterated as a success factor. To help facilitate this at an early point in the planning process, reliable and carefully considered key performance indicators should be selected to cover a range of timeframes and fields of activity. Another clear success factor is the need for a vision of the merger to be effectively communicated to key stakeholders, both internally and externally. As part of this, the public unity of the senior management of all institutions involved is a vital principle of this strategy.

When developing the communication strategy, administrative staff should not be left behind in the process. While academic staff are invariably the main focus of communication strategies, and since they are at the core of universities' educational and research activities, administrators are often those that stand to lose out or experience the biggest upheaval, most notably through staff streamlining, relocation and process change. This should be taken into consideration when promoting the merger.

It may be considered good practice to first seek to promote the *academic case* for the merger within the institution, and in a second step demonstrate to staff that gains (including at individual level) will outweigh losses. This helps to take into account the importance of individuals' perceptions on the process, which in turn influence the atmosphere in which the process is carried out.

Another key aspect in this regard is developing a coherent institutional identity, which demands a high level of attention and planning. Individual mergers have their own sets of stakeholders who are important in the process, and these are not the same in every case.

Feature 10 Internal communication management during the Aalto University merger

During the preparation stages in 2008-2009, the emphasis was on internal change communications (students, staff, faculty and alumni, student unions). Aalto invested also heavily in external communications and marketing (media, potential investors, corporates, other universities, general audience, potential students and staff) to help the fundraising campaign of the university.

Change communications tools and channels were carefully planned. Digital communication and the portal "innovationuniversity.fi" were set up. Once a month "morning coffees" were organised at different campuses where former rectors and the leaders from different streams informed the staff about the progress of preparation. Once the board was nominated, the Chairman of the Board sent a monthly up-date by email to faculty, staff and students which was also published for the alumni and in public newsletters. After her nomination, the new President began writing a public blog.

In order to ensure sufficient communication and exchange of ideas with the key internal stakeholders, the President also founded two additional bodies, the Professors Council for all tenured professors as an advisory body for the rectors, and the Aalto Leaders' Dialogue consisting of the key function leaders including all department heads.

Source: Aalto University DEFINE self-evaluation report (unpublished)

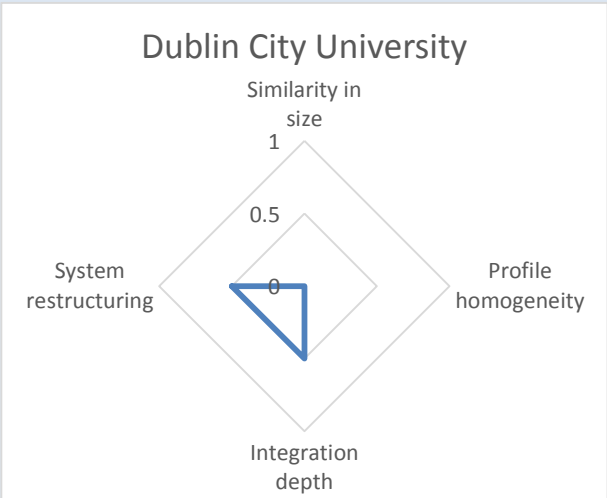
Feature 11 The cultural dimension of the Dublin City University merger

Dublin City University (DCU) is a young secular university with a particular emphasis on Enterprise and Innovation. It consists of four faculties (Humanities, Business, Science & Health, and Engineering & Computing). The university is currently involved in a merger project, whereby three colleges of education will join with DCU, leading to an enhanced and expanded Faculty of Humanities and a new Faculty of Education. The new faculty will carry out research and deliver programmes in all types of teacher education from early childhood through to primary, secondary and higher education. This will lead to the emergence of a “new DCU” which will grow from approximately 12 000 students on a single campus to 16 000 on two campuses post-incorporation. This project will be completed by September 2016.

Apart from the many practical issues faced in this merger, there are numerous challenges associated with significant cultural differences between the institutions. All three teacher training colleges are traditional colleges that are much older than the university into which they are merging. These colleges have strong religious affiliations (two Catholic, one Anglican), and provide training in faith formation to their students. DCU is a secular institution mindful of diversity, and the intention is to continue to provide education, whether associated with particular religious denominations or not, within the larger secular institution.

The decision to absorb faith-based colleges into a secular larger institution prompted specific questions about how these would be integrated. It was recognised that there is a need to ensure that the distinctive identity and values of teacher education of the incorporating colleges will be maintained on an ongoing basis after the merger. Following an extensive engagement with religious leaders and other key external and internal stakeholders, it was decided to establish two Centres for Denominational Education within the new Faculty of Education. These centres provide students with specific modules complementing a neutral core curriculum.

This approach has broad support across the institutions and the external community. However there are still ongoing challenges in managing staff allegiances, values and cultural differences. These are being addressed through various work streams and through a series of staff engagement workshops and other fora. The focus of the transition is the creation of a larger, more dynamic institution that can include a diversity of views and backgrounds.



Source: DEFINE Focus Group feedback

4. Involving students

The question of student participation in the process figured prominently in the data collection process. Students may be acknowledged as a full stakeholder and be associated to the consultation, planning and implementation phases. The extent to which students are consulted does not relate significantly to the university funding model; if students in the UK tend to be given prominence in university reforms because they are now the principal source of university funding, students are also important stakeholders in systems with little or no tuition fees, as is the case in Norway.

This has been justified by the rationale that they represent universities' main academic "output". Students were consulted in specific partial merger projects in the Netherlands which were put on hold as a consequence of the negative opinion delivered by their representative body. On the contrary, students have tended to play a more limited role in the shaping of university mergers in France.

It is clear, however, that the experience has generally been positive when students have been more highly involved. . It is the shared interest of the university management, academic staff, and students to raise the profile of their institutions and enhance quality, which is what a merger with a compelling academic case should seek to achieve. Bringing students close to the university leadership during the process, through regular meetings, helps reduce the uncertainty and confusion that may be generated by the process as student representatives are equipped to respond to the demands of the students of the merging institutions. One should not underestimate the cultural challenge that also exists at student level in the case of complementary mergers of institutions with different academic profiles or statuses. It is therefore good practice to involve the student representative bodies, by giving them access to the working groups through the transition phase as well as to the governance structures of the new institution. Ultimately, it is the students who will develop a sense of belonging to the new institutional identity.

To summarise, there are a wide number of important considerations to take on board when planning and implementing a merger, whether horizontal or vertical. Among these, shaping administrative and organisational structures in a way that facilitates (rather than disrupts) the academic mission is key. The process can be likened to the performance of an orchestra: in order to create harmony, it is necessary to have participation of all parties, a transparent leadership, clear communication and the commitment of the entire organisation.

Public authorities should provide a favourable regulatory framework to institutions so that they have the necessary organisational autonomy to design their governance structures in the most suitable way given the characteristics of the merger process.

The development of a balanced institutional structure is key to secure buy-in of previous entities. Similarly, the composition of the leadership team should be used towards building trust throughout the new institution. The inclusion in the new leadership team of members who did not belong to the previous entities may help to implement the institutional strategy without excessive focus on vested interests.

Investing to engage people in the process is a crucial success factor; consultation and involvement should be based on transparency and continuous communication flows to foster the building-up of trust. Attention should be given to developing efficient consultation and involvement mechanisms that minimise the diversion of resources, enabling academic staff to focus on their core missions while being listened to in relation to the merger process.

Recommendations

It must first be noted that the variety of initiatives that may be considered under the umbrella term of “merger and concentration processes” is vast. For a comprehensive view of the range of initiatives that have been undertaken in European universities, EUA will launch a pilot merger mapping tool in 2015. Despite the apparent diversity, however, university leaders and practitioners involved in the DEFINE study widely shared the belief that there was more commonality than divergence. Therefore, the potential for transferable learning is considerable. Taking as their basis the previous sections which explored the process of merging from the perspective of university leaders and practitioners, the following recommendations bring together the key points to take into account when considering a merger process.

Relationship with public authorities

- Care should be taken to ensure there is a productive relationship with public authorities in planning and implementing the merger; public authorities and higher education institutions should seek synergies between the system-level political vision and institutional strategies.
- When public authorities are involved in the process, the principle of institutional autonomy should be respected, with universities given as much freedom as possible within the regulatory framework to negotiate with merging partners without constraints.
- Public authorities should recognise the costs associated to merger processes and provide additional funding to support them, in particular when mergers and concentration processes are part of the political vision for the system.

Efficiency and economic gains

- When developing the rationale for a merger, cost-saving should not be the primary driver. The academic mission must take precedence at all times, and any disruption to achieving academic objectives should be justified by the results of the process.
- As regards financial planning, consideration should be given to the opportunity costs of the merger (i.e. what the institutions could achieve with the time and resource that would otherwise go into the merger process).
- Transition and implementation costs are invariably considerable, so it should be recognised, understood and communicated that any future economies will only be achieved in the long-term.
- Particular care should be given to the sustainability of the funding model after the merger.

Alternatives to merging

- Before committing to a merger process, other forms of cooperation should be fully explored to ensure that none of these would provide better academic results.
- Starting to plan a merger should not lead to a path dependency; even after the planning process has begun, there should remain leeway to stop the process if partners lose commitment or if it becomes clear that the costs are beginning to exceed the benefits.

Management

- The new management set-up should be one of the first considerations in the planning process – this is especially important for the identity of the new institution.
- The use of change management methodologies is key for reaping the dividends of a merger; the best of both (or all) institutions should be combined to foster trust and obtain the most efficient outcomes. Moreover, small adjustment and “fine-tuning” to structures and processes should continue even after the merger is notionally completed.

Communication

- Stakeholders of the merger process should be identified at an early stage; beyond staff and students of the concerned institutions, there are other groups to consider and consult, according to the profile of the merger (public authorities; prospective students; regional/national business partners, etc.)
- When communicating the merger to staff, transparency is essential to obtain staff buy-in. Likewise, considerable thought should be given to how the organisational structure will have to change, as this has a significant impact on feelings of identity.
- An optimistic and positive mission for the merged institution is another essential principle of any communications strategy, as well as identifying and persuading key constituencies and stakeholders (particularly the local community).
- Effective information management is important – unfounded claims about the merger should be confronted at an early stage and not be allowed to take root.

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Appendix I

List of national rectors' conferences that responded to DEFINE questionnaires:

Austria	Ireland	Spain
Belgium – Flanders	Iceland	Slovakia
Belgium – French Community	Italy	Sweden
Czech Republic	Latvia	Switzerland
Denmark	Lithuania	Turkey
Estonia	Netherlands	United Kingdom
France	Norway	
Finland	Poland	
Germany	Portugal	

Appendix II

List of institutions represented in the DEFINE Focus Group on merger and concentration processes at Aalto University on 28-29 April, 2014:

Aalto University, Finland	St Angela's College, Sligo – National University of Ireland, NUI Galway, Ireland
Brandenburg University of Technology Cottbus-Senftenberg, Germany	The University of Bordeaux, France
Cardiff Metropolitan University, UK	The University of Eastern Finland, Finland
Cardiff University, UK	The University of Latvia, Latvia
Dublin City University, Ireland	The University of Lisbon, Portugal
Leuphana University Lüneburg, Germany	The University of Manchester, UK
Linnaeus University, Sweden	The University of Tartu, Estonia
The Norwegian University of Life Sciences, Norway	The University of Tromsø – The Arctic University of Norway, Norway
Ramon Llull University, Spain	Waterford Institute of Technology, Ireland

The European University Association (EUA) is the representative organisation of universities and national rectors' conferences in 47 European countries. EUA plays a crucial role in the Bologna Process and in influencing EU policies on higher education, research and innovation. Thanks to its interaction with a range of other European and international organisations EUA ensures that the independent voice of European universities is heard wherever decisions are being taken that will impact on their activities.

The Association provides a unique expertise in higher education and research as well as a forum for exchange of ideas and good practice among universities. The results of EUA's work are made available to members and stakeholders through conferences, seminars, website and publications.



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