On Mergers and Missions: Implications for Institutional Governance and Governmental Steering

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Driving forces for institutional re-profiling

Driving forces

• **Global competition** - the strive for prestige - global rankings - the push for world-class universities

• **National strategies** for diversification - the search for world-class systems

• **Changing economic conditions** - growth or decline of higher education and research budgets

Re-profiling

• **Breadth and depth** - rationalize, expand, and/or focus the range of teaching programmes and research fields

• **Size** - economies of scale - critical mass - enhance market share
Implications

• Maintaining or building sufficient impact will be important in all cases

• *Global outreach* particularly important for established and up-and-coming *world-class universities*

• A broad comprehensive profile and sheer volume is often considered to be the best recipe.......

  • Some choose USPs as the basis for a certain degree of specialization and the profile of a niche player (be it or not part of a larger configuration).

• **Leading to forms of collaboration: loose alliances – coalitions - actual mergers**

• **International - private-public - and cross-sectoral partnerships**
Related questions

• How does it affect the missions of universities?

• Does it increase the diversity of the higher education system as such?

• How do we know?

• To what extend are we actually able to measure that?

• And to relate institutional re-profiling to system-level performance or success?
Diversifying the higher education system

Governmental initiatives:

• Shaping world-class systems: diversity in mission and provision

• Build / sustain world-class universities (WCU’s)

• While counterbalancing academic drift

• As more than just top-research profiles are needed

• To meet the diversity of demands from stakeholders

• Top-down or bottom-up

• Steering through performance-based funding

• In combination with extra investments / budget cuts
Institutional re-profiling through collaborations, alliances, mergers

#### Hard
- Full merger
- Joint venture
- Joint faculty
- Strategic alliance or partnership
- Federation

#### Soft
- Global university network or association
- Regional association
- Collaboration with local authority/NHS
- Purchasing consortium

### Fixed
- Higher risk
- Whole organisation
- Not easily unwound
- Costly to achieve

### Flexible
- Lower risk
- Part of organisation
- More easily unwound
- Less costly to achieve

HEFCE, 2012
A variety of patterns

• **Research most focused on**
  • International alliances at the soft end
  • Full mergers at national level at the hard end

• **Global landscape less changed than predicted**
  • Complexities
  • Global-national / global-local paradoxes

• **National landscape seriously changed in range of countries**
  • From “sorting out the system”
  • To seeking prestige by creating world-class universities

• **Rationales may be based on questionnable assumptions** (V. Vught, 2012)
  • Economies of scale and scope
  • Ideal size of an institutions difficult to define
  • Large research budget x limited number of students = high scientific impact score
  • Proportion of graduate - undergraduate
Types of collaborations differ between categories of institutions

- WCU’s tend to reach out globally
  - Alliances (U21) - platforms (MOOCs) - branch campuses (NYU-Shanghai – Yale-Singapore)
  - Underpinning their profile as a unique global brand
  - Jointly underpinning common characteristics: HEFEI Statement by AAU, LERU, Go8, C9 (October 2013).

- Second-tier institutions more inclined or actually forced to engage in collaborations at national or regional levels.
A Future Global Scenario

• A top echelon (perhaps around 50) mainly stand-alone highly prestigious, highly resourced comprehensive universities.

• International consortia of a next group of (perhaps 100–200) universities, sharing resources and offering joint and mutually accredited programs.

• A range of niche institutions with specialisations in a few fields of research and education, both corporate and as public-private partnerships, some of them linking with professional occupational practice.

• A great diversity of primarily local and regional teaching institutions, both public and private, as well as in public-private partnerships.

• A set of high-tech, primarily virtual global teaching providers.

(Gallagher, 2012)
Exploring the global dynamics

- Categories not likely to be mutually exclusive

- Is there a threshold ranking position from where on institutions feel that they cannot become or remain a WCU on their own?

- Are WCU’s drifting away from the national system?

- Becoming “foot-loose” (ref MNCs)?

- The Emerging Global Model (EGM) university (King, 2009)
  - Transcending boundaries
  - Globally wired and operational
  - Strong private – corporate involvement
  - Requiring new relationship with government
  - Extremely costly; beyond government support

- Giant global magnets – economic drivers
- But also “too big to fail”?
- Stress tests needed?
Mergers and missions – related questions and dilemmas

• Tensions around institutional size and the missions of research and teaching

• Increased volume - critical mass - research performance

• Complicate the performance in teaching

  • Institutions top-ranked for teaching relatively small
  • small units create better conditions for student learning
  • WCU’s mostly not the world’s largest universities

  • If institutional funding is (too) largely based on student numbers, some institutions may feel the need to increase size of the student population in order to strengthen their resource base for performance in research.

• Complicating success in scientific impact

• Jeopardize improvement of education quality as part of the merger ambitions
Mergers and missions – related questions and dilemmas

• Find a (new) balance between their research and teaching missions

• Incentives to make choices other than the reputational top-research profiles (e.g. professional or vocational profiles)?

• Mergers often concur with academic drift

• Are institutions autonomous enough to make such deliberate choices?

  • To merge, eliminate or open teaching programmes
  • To regulate the size of undergraduate and graduate student populations
  • To engage into partial (e.g. joint faculties) or full mergers
  • To include international or private-sector partners or partners from different HE sectors
Mergers and missions – related questions and dilemmas

• To what extend are governments (different ministries and agencies) able to provide a consistent context for such initiatives?
  • Ministries of HE, R&D, B&I, Finance, anti trust authorities
  • Appropriate steering mechanisms at regional and local levels

• Partial mergers or other forms of soft collaboration such as (regional) clusters particularly complicated

• No clear legal basis in existing legislation

• Traditionally regulates the relationship between the government and an institution as a (one) legal entity.
Blurring institutional boundaries

• Larger and more complex types of institutions which result from collaboration, alliances, or mergers

• Specific challenges:
  • professional management
  • governance models
  • ensuring sufficient external stakeholder engagement
  • efficient divisions of power internally

• Federal models of particular interest
  • The University of London and the University of California system
  • Devolving, decentralizing, or in terminal decline?

• Joint ventures often weak in terms of governance
Achieving system-level diversity

• Enhance HE systems in terms of excellence and diversity

• World-class systems support WCUs

• But also have a range of other strong institutions

• Only few countries can actually support a WCU

• Diversification requires governmental capacities:
  • Steering / coordination powers - resources
  • Effective concepts of cooperation – competition
  • Effective counter-incentives avoiding academic drift

• What are successful strategies to achieve excellence and diversity at system’s level?
  • Balance strength at the top with a wider spectrum of issues of national interest?
Achieving system-level diversity?

• Are we able to adequately measure system-level diversity?

• And to relate this to the performance of the system as a whole (intended policy outcomes)?

• **What we would like to know:**
  • Are systems (more) diversified?
  • How?
  • Result of national policies?
  • Contribution to system performance?
# U21 Ranking of World-Class Systems

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Score</th>
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<tbody>
<tr>
<td>1</td>
<td>United States</td>
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<tr>
<td>2</td>
<td>Sweden</td>
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<tr>
<td>3</td>
<td>Switzerland</td>
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<td>Canada</td>
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<td>Austria</td>
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<td>14</td>
<td>New Zealand</td>
<td>69.7</td>
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<tr>
<td>15</td>
<td>Germany</td>
<td>68.2</td>
</tr>
</tbody>
</table>

- **Resources**
- **Environment**
  - **Policy & regulation**
  - **Diversity**
- **Connectivity**
- **Output**

**Overall performance**

Controlled for size in most measures
### The “Best University Systems”

<table>
<thead>
<tr>
<th>Country</th>
<th>Shanghai 2010</th>
<th>THE 2010</th>
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<tbody>
<tr>
<td>The Netherlands</td>
<td>1 (.92)</td>
<td>1 (.77)</td>
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<tr>
<td>Israel</td>
<td>2 (.88)</td>
<td>-</td>
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<tr>
<td>Sweden</td>
<td>3 (.69)</td>
<td>4 (.38)</td>
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<tr>
<td>New Zealand</td>
<td>4 (.63)</td>
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<td>Switzerland</td>
<td>5 (.58)</td>
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<tr>
<td>Norway</td>
<td>5 (.58)</td>
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<td>Denmark</td>
<td>7 (.50)</td>
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<tr>
<td>Hong Kong</td>
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<td>UK</td>
<td>14 (.33)</td>
<td>8 (.25)</td>
</tr>
<tr>
<td>Canada</td>
<td>15 (.32)</td>
<td>12 (.13)</td>
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(Goedegebuure, 2012; Van Vught, 2012)
## System Rankings Compared

<table>
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<tr>
<th>Country</th>
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<th>“Best U System”</th>
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<tr>
<td>Sweden</td>
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To Conclude

• Consistency (12/15) seems to be explained by dominance of data on WCU/RU’s

• Number of WCUs relative to size of the system – pushes small countries to the top (US not in top 15), but ignores the actual rank of the country’s WCU’s

• Diversity not yet addressed beyond:
  • Type A Research Universities (Carnegie)
  • Their legal basis: public – government dependent private – independent private (OECD)
  • Unitary – binary system
To Conclude

- World-class systems are not the same as the aggregate of a country’s WCUs
- And should not be measured as such
- i.e. by direct and indirect measures of research output, derived from current global rankings
- We should aim to measure the dimensions related to diversity better
  - by making full use of existing classification systems
  - And inclusion of quality of teaching
  - Etc....