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An analysis of the mergers of American institutions of higher education.

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AN ANALYSIS OF THE MERGERS OF AMERICAN INSTITUTIONS OF HIGHER EDUCATION

A Dissertation Presented

by

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ABSTRACT

AN ANALYSIS OF THE MERGERS

OF AMERICAN INSTITUTIONS OF HIGHER EDUCATION

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American higher education has been affected by spiraling cost, declining college-age population, decreasing financial aid and defense grants, budget reductions from state governments and concerns about quality. The merging of two or more institutions into a single entity is one strategy to cope with these changes. The literature on the subject of merger, however, is fragmented and dwells mainly on the reasons why institutions merge. This study examines the tensions and elements that constitute the merger phenomenon in its totality and identifies implications for implementation.

The study analyzed 18 doctoral dissertation case studies of 20 higher educational mergers that took place during the period 1964-1985. Similarities and differences were identified and the findings compared with the merger literature. The data were then interpreted from the perspective of organizational change.

The analysis indicated that three major tensions shape the merger phenomenon: the clash between maintaining the status quo and implementing change; the emergence of one institution as the

dominant party thereby exacerbating the change for the subordinate party; and the accomplishment of organizational objectives at the expense of individual needs. A pattern emerged indicating that change was not managed, decision-making was top down and self-centered, crisis was not anticipated, power was used to dominate, conflict was divisive, planning was non-existent or poorly done and implementation was characterized by limited strategies to facilitate the process.

Several important distinctions were identified according to the type of control of the merging institutions. Differences were found in the impelling reasons, motivation, process stages, type of risk, degree of consultation and outcomes. Exceptions to the conventional wisdom that financially troubled institutions should not merge were noted. Also, a simple legal maneuver frequently employed in the corporate world was identified as an alternative to the standard merger approach.

In order to facilitate the complex process of a merger and to address the identified problems, the application of the integrated frames approach for managing organizational change as developed by Bolman and Deal [1984] is recommended. Strategic planning is also recommended as an effective tool for coping with change.

TABLE OF CONTENTS

LIST OF TABLES

INTRODUCTION

One of the goals of higher education is to produce change in people and the society in which they function. Institutions of higher education themselves are in turn subject to change. They exist in a dynamic environment in which political, economic, social and religious factors have traditionally changed their goals, programs and structure. As a result of these factors, many American institutions of higher education have either closed or merged since the founding of the first college.[1] At the current time, declining college-age population, spiraling cost, decreases in financial aid and defense grants, and revenue short falls for state governments are some of the factors that affect colleges and universities. The merging of two or more institutions into a single entity is one strategy to cope with these changes. This leads to the two-fold fundamental question of this study: What are the dynamic tensions and elements that constitute the merger phenomenon in higher education and what are their implications for implementing a merger? In answering this question, I found that change itself produces basic tensions that shape and influence the merger phenomenon.

I did not start this study with an understanding of the importance of change in the merger phenomenon. It evolved during the course of the study. At the outset, it was my sense that the mergers of institutions of higher education involved problems with their implementation and aftermath. I based this on my personal experience as both a participant and observer of three separate mergers in higher education.[2] As the study evolved, it became

apparent that a merger was frequently viewed by policy makers and administrators as an event and not as a complex process involving significant change. Change manifested itself in the three major tensions identified in the study that shape the merger phenomenon: (a) the clash between maintaining the status quo and implementing change; (b) the emergence of one institution as the dominant party thereby exacerbating the change for the subordinate party; and (c) the accomplishment of organizational objectives at the expense of individual needs in a situation involving change. The apparent lack of understanding of these tensions and the dynamics of change is a contributing factor to the problems associated with the implementation of the merger process. This study substantiates the contention of Bugliarello and Urrows [1976] that the lack of information about the merger of institutions of higher education is aggravated by the myth that they are easy to carry out.

It is important to know how this study evolved. Based on my initial observations that there are problems associated with merging institutions and a desire to find out if it could be done better, I decided to investigate the subject further. In turning to the literature to learn more about the merger of colleges and universities, I found fragmentation and a degree of incompleteness.[3] There is only one comprehensive study on the subject. This is an analysis of 10 mergers conducted by John Millet [1976]. The rest of the literature is concentrated mainly in the area of describing the reasons why institutions merged. How institutions implemented a merger and the resulting outcomes were dealt with to a much lesser extent. The literature gave me some direction, but lacked the depth and scope to

provide a complete understanding of the merger phenomenon. In support of this conclusion, Chambers [1981a] maintains that there is little knowledge presented in the literature on how institutions should merge. Others have concluded that the mergers in higher education have attracted little attention in the literature in comparison to the mergers that take place in the business world [Bugliarello and Urrows, 1976].

To learn more about specific mergers, I next turned to a search of the Dissertation Abstracts International to locate case studies. This search yielded a total of 18 dissertation case studies written between 1974 and 1990 on 20 separate mergers. To my surprise, these studies had not been synthesized nor referenced in the literature. At this point in my investigation, I felt that I had discovered an untapped source of data concerning the merger phenomenon. I felt excitement at the prospect of examining the thick description of the case studies for new information. Would the results of my exploration reinforce, contradict, expand or further explain the current literature? I decided at this point that it would be of greater value to analyze and compare these case studies rather than conduct yet another case study on an individual merger.

Having completed the review of literature in the standard manner, the next question became how to proceed with the analysis of the case studies. The full-text microfiche copies of these dissertations were first purchased from University Microfilms International. The list of dissertations is contained in Appendix A. The mergers analyzed by the dissertation case studies are listed in Appendix B. Each case study was then analyzed in-depth and systematically by using the

constant comparative methodology of Lincoln and Guba [1985]. I did not formulate any a priori hypotheses. As I read each dissertation, points and factors that were deemed to be important were placed under the broad category to which it pertained: reasons, process or outcome. These points and findings in each major category were then analyzed across the studies. This resulted in the emergence of various subcategories from the data. The subcategories were then evaluated which led to the formulation of various themes. According to Patton [1980], case studies can be compared and contrasted in this manner to identify similarities, differences and idiosyncrasies.[4]

Now that I had all these data grouped into categories and various themes, I was prepared to compare them to the conventional wisdom derived from the review of literature. Through this comparison, I found areas where the case studies substantiated and differed with the literature. There were also areas where data from the case studies further delineated or explained various statements and suppositions contained in the literature.

Having completed this stage of the research, the study still lacked a frame within which I could understand the merger phenomenon in its totality. I knew how the mergers described in the case studies related to each other and how they compared with the current literature, but something was missing. Stepping back from the details of the data, I dwelled on two fundamental characteristics of the merger phenomenon: change and its organizational impact. To find out more about these two characteristics, I decided to reread Modern Approaches to Understanding and Managing Organizations by Bolman and Deal [1984]. This led me to the conclusion that this work could

provide a useful frame to interpret the data. This perspective applied to the mass of data generated by the multi-case study analysis and its subsequent comparison to the literature provided a framework for me to discern tensions, differences and patterns in the data. This in turn led to an understanding of what was happening and why it was happening in a merger situation within the context of organizational change. The tensions between forces for change and the status quo and the reaction of groups and individuals to change were identified.

The work of Bolman and Deal [1984] not only assisted me in understanding the totality of the merger phenomenon, but it also provided the foundation for developing recommendations on how policy makers and implementors can facilitate the merger process. They maintain that various theories of organization can be grouped under four major categories: rational, human resource, political and symbolic. These groupings of the major schools of thought according to coherent perspectives of reality are called frames.[5] Bolman and Deal posit that to understand the complexity of an organization, one should view it through the perspective of the four frames. In order for an organization to be managed successfully, managers must "rely intuitively on the different frames, blending them into a coherent, pragmatic, personal theory of organizations" [p. 6]. By integrating the frames, managers can respond to change by striving to attain an alignment within the organization, that is, the matching of structure, people, politics and symbols to one another so that they are mutually supporting.

It is appropriate to interpret the merger phenomenon within an organizational change context because an institution involved in a

merger is an organization that is undergoing alterations in its structure, procedures and rituals. The use of power and the allocation of resources are very much a part of the merger process. Individuals within the organization--trustees, faculty, staff, students and alumni--are affected in various ways by a merger. There often exists a tension between organizational ends and individual needs. By focusing on the change aspects of the merger phenomenon, insights and understanding can be generated by interpreting the case study findings in a broader and congruent context.

The purpose then of this study has evolved into one that seeks an understanding of the merger phenomenon in higher education in its totality (its causes, process and outcomes) and the subsequent implications for managing it. This is accomplished in the following manner:

1. The patterns and categories involved in the mergers of institutions of higher education are identified.
2. The similarities and differences of the mergers are analyzed and compared to the literature to determine the conditions and elements that structure the merger phenomenon.
3. Based on an understanding of these conditions and elements, strategies that assist policy-makers in deciding on and implementing a merger are presented.

In the first chapter of the dissertation, the merger literature for the past twenty years is reviewed. The chapter focuses on four major aspects of the merger phenomenon--change, process, reasons creating the need for change and outcomes. Within each of these aspects, various themes

are identified and discussed. They include: the drastic nature of the required changes; the dominance of one of the parties; the negative impact on individuals; the complex process involving negotiations and legal issues; the impelling factors of financial exigency and political considerations; and the accomplishment of goals at a cost to individuals.

In Chapter 2 the reasons why the institutions in this study sought to merge are examined. This leads to the clear distinction that public institutions are merged for different reasons than private institutions. For the former, the overriding reason is public policy initiatives to accommodate expanded educational opportunity and efficiency. For the latter group, the need to resolve financial exigency is the main reason. Although the motives are different, they share the common tension between forces for change and the status quo. They are similar in their pragmatic nature and the use of power in a hierarchical manner. They also share the characteristic of the promotion of self-interest of groups within a context of scarce resources.

Chapter 3 focuses on the complexity of the merger process. As the process moves from the initiation stage to the negotiation stage, the emergence of one institution as the dominant force plays a key role in affecting the negotiations and changing initial expectations of the subordinate institution. Protecting self-interest, competing demands from various groups with differing beliefs, hierarchical decision-making and lack of consultation contribute to conflict during the process. The lack of adequate planning emerges as an important factor. Leadership and legal issues also play a role in affecting the process.

In Chapter 4 the classic tension between organizational ends and individual needs in a merger situation is presented. The evaluation

indicates that the changes brought about by the mergers accomplish their institutional objectives at the cost of negatively affecting participants. Anger, bitterness and anxiety are byproducts of the process. Members of the less dominant institution experience decreased satisfaction with their jobs and the merger itself.

In the final chapter, the synthesis of the findings concerning the reasons, process and outcomes leads to the general understanding of the merger phenomenon as a complex process in which change plays a major role. It concludes that significant change, crisis, conflict, hierarchical decision-making, negative impacts on individuals, dominance and poor planning are common elements of the merger process. A secondary conclusion is that the case studies are a valuable research source that provide the study with important distinctions not readily apparent in the literature. Based on an understanding of these common elements and specific differences, recommendations to utilize management strategies from the structural, human resource, political and symbolic perspectives in an integrated manner to facilitate change are presented. Strategic planning is also recommended as mechanism to enhance the merger process.

It is important to note that the goal of this study is not to predict what will happen in every merger situation. In this study, a mosaic of understanding resulting from a synthesis of the elements, influences, patterns and implications of the merger phenomenon emerges. The recommendations of this study should help participants in implementing and coping with the merger process.

The ultimate goal of this study is to contribute to making merger less traumatic and disruptive by providing a better understanding of

its nature and by presenting guidance on how to implement one in an effective manner. As a result of this study, I believe that a merger can be an appropriate strategy in dealing with change provided we recognize the role that change itself plays in the merger process.

Notes

1 Since the founding of Harvard in 1636 through 1979, there have been approximately 2,000 mergers or closings of institutions of higher education [West 1980]. During the decade of the 1970s, a total of 45 independent institutions merged and from 1980 through 1987, at least 11 institutions have merged according to the National Institute of Independent Colleges and Universities [1989]. Although comparable statistics do not exist for public institutions, a number of mergers have occurred over the same period of time.

2 The three mergers were a) New Bedford Institute of Technology and Bradford-Durfee College of Technology into Southeastern Massachusetts Technological Institute; b) the Swain School of Art with Southeastern Massachusetts University's College of Visual and Performing Arts; and c) the merger of the University of Lowell, Southeastern Massachusetts University and the University of Massachusetts.

3 The literature starting with 1970 was identified by employing an ERIC search for journal articles and books using the main identifiers of mergers and institutions of higher education. Bibliographies of the reports and articles identified through the ERIC search were also reviewed for pertinent works.

4 This treatment of the qualitative data of the case studies is the analogue of meta-analysis in quantitative research.

5 The four frames are described by Bolman and Deal [1984] as follows:

a. The structural frame emphasizes the importance of formal roles and relationships. Organizational structures are created to fit an organization's environment and technology.

b. The human resource frame stresses that the organization should be tailored to people. An organizational form is sought to enable people to get the job done while feeling good about their job.

c. The political frame views organizations as arenas of scarce resources where power and influence are constantly affecting the allocation of resources among individuals or groups.

d. The symbolic frame considers the organization not in rational terms, but as theater or carnival. Organizations are viewed as held together more by shared values and culture than by goals and policies.

CHAPTER 1

REVIEW OF LITERATURE

In analyzing the literature written during the period 1966-90 on mergers in higher education, various tensions emerge. They include the drastic changes for institutions and constituents, the complex process of negotiating terms, the financial and political factors that are impelling reasons and the negative impact on individuals. This chapter will address these tensive issues and their related aspects, identify alternatives and conclude with a summary of major points.

Merger Changes and Their Effects

By its very nature, a merger involves drastic change. In examining the generic definition of merger stated in the Introduction, it is obvious that the formal act of combining two or more institutions into a single corporate entity significantly changes the participating entities. Not only are governing boards affected, but the nature of the involved institutions is altered and their various constituencies must cope with change. Several writers have described these changes as drastic and dramatic. Cannon [1983] identifies merger as the most extreme form of inter-institutional arrangements. She concludes that institutions "undergo marked organizational changes which are in drastic contrast to those of institutions engaged in cooperation and coordination" [p. 5]. O'Neill and Barnett [1980] see merger as the most complete form of inter-institutional change because two or more legal entities become one. Bugliarello and Urrows [1976] describe it in the most dramatic terms as a drastic act with "irreversible totality--the legal death of one or both parties in the creation of a new one" [p. 102].

They conclude that it is an extreme answer to problems and concerns facing institutions of higher education.

The drastic nature of the change to the governing body of an institution is evident when the two major types of merger are examined. O'Neill and Barnett [1980] give a clear description of these two types:[1]

> In a consolidation merger, two or more corporations dissolve their respective legal identities and become a wholly new corporation carrying forth all the properties and obligations of the former corporation.
> A dissolution/acquisition merger involves an agreement under which one institution is legally dissolved and its assets and liabilities are acquired with court approval by the surviving institution. [p. 20]

Under each type, there is a loss of identity and autonomy for at least one partner. In a consolidation merger, Cannon [1983] maintains that because each institution loses its identity and autonomy and becomes an integral part of a new system, it follows that merger is an extreme change. Chambers [1981b] points out that about halfway through the 1970s mergers shifted from consolidation to the acquisition type, which represents a very powerful strategy for radical change.

In her studies, Chambers raises the critical issue of dominance in the merger phenomena. She maintains that during the 1970s, models suggesting equality between merging institutions had little success because the "prevalent atmosphere was one in which dominance became the issue" [1983, p. 5]. She concludes that what started out as a consolidation of equals, most frequently ended up as an acquisition with one entity dominating.

When this happens, the dominate institutions will "most certainly be thinking in terms of radical change for the colleges they acquire" [1981b, p. 93].

When one institution is in a dominant position, changes in mission, programs and procedures for the weaker institution can be profound. This is especially true when a private institution seeks to merge with a public one. Bogue [1981] points out that this type of merger results in public control that weakens the distinctive mission and autonomy of the private college. In addition, the private institution must adjust to a legion of administrative changes ranging from state regulations and procedures to reporting relationships to personnel policies [Shirley and Peters, 1976]. The dominance of the public partner resulting in change of mission, loss of autonomy and increased bureaucratization are probably the reasons for Bugliarello and Urrows' [1976] finding that mergers between private institutions are more readily accomplished than between mixed control colleges.

The significant changes brought about by merger are not limited to the governing boards, mission, programs and procedures of the institutions. The various constituent groups are definitely affected. O'Neill and Barnett [1980] posit that merging colleges is at best a stressful situation. They conclude that trustees and senior administrators "must be prepared to understand the effects of this stress on staff, on students, and even on alumni and their families, and they must be prepared to deal with them sympathetically and effectively" [p. 85]. This is succinctly stated in the observation that institutions can be partitioned, contracted and redesigned but people

can not [McKeefery, 1981]. This stress increases the probability of resisting organizational change and according to O'Neill and Barnett [1980], triggers anger, bitterness, resentment, uncertainty and anxiety that may cause health problems.

West [1980] maintains that merger is a traumatic experience characterized by tension and anxiety for both internal and external constituencies. This trauma is vividly described by Benezet [1983] as a thunderclap and bolt of lightning that gives a sense of uneasiness and a lack of confidence. This could account for the high probability of significant losses in the number of current faculty and students and alumni support in a merger situation identified by Gorman and Pappas [1989]. The importance of coping with stress is underscored by Cannon [1983] who concludes that the "success and viability of merger depends upon the participants' response to the changes demanded by merger" [p. 11].[2]

The sense of loss resulting from merger appears to be greatest within the faculty ranks. Cannon [1983], Cass [1967], Peters [1977], Mingle, et al [1981], and Millett [1976], all found that mergers have a negative impact on faculty members. The impact factors included lower status, job loss, circumvention of contractual obligations, reduced level of job satisfaction, role tension, anxiety, loss of communal spirit, split between various faculty groups, and dissatisfaction with a new environment. Bugliarello and Urrows [1976] posit that a merger at its worst causes an avalanche of resignations and can poison institutional esprit during the course of negotiation. Even when a merger has been judged to be highly successful, morale can be adversely affected. In the Case Western Reserve situation, for example, Fischer [1978]

reports that 11 years after the merger some faculty still had morale problems stemming from feelings of uncertain identity. She explains that prior to the merger, faculty had a sense of belonging to either the liberal arts or science/technology sphere. After the merger, this was not as clear cut. Wyatt [1986] sees merger as affecting morale by producing feelings of agony and powerlessness resulting from a direct attack on stability, which some faculty equate with professional fulfillment.

Aside from the obvious concern over future employment for those involved in a merger, other factors have been identified as contributing to the strong emotional response on the part of various constituent groups. Thompson [1985] stipulates that people associated with higher education believe that educational institutions must be certain of success and cannot fail, even though they are subject to the same rapid changes in social, political and economic factors that cause businesses to fail. In the same vein, Benezet [1983] argues that people view an institution of higher education as a stable center of learning. When it comes to an abrupt or unforeseen end, the reaction is one of shock. Wyatt [1986] maintains that the closing of colleges is viewed as unnatural because of a tradition of people relying on and trusting institutions and the overall record of growth and expansion of higher education. People are thus conditioned to "look to the sunrise rather than the sunset" [p. 22]. Likewise, alumni tend to resist a merger because it "sullies a nostalgic vision of their youth" [Bugliarello and Urrows, 1976, p. 107].

It is interesting to note that not all participants in a merger are affected in the same manner. Where there is a perception that a

merger is an acquisition rather than a marriage of equal institutions, employees of the acquired institution experience negative impacts. Shirley and Peters [1976] state it very specifically, "anxieties are exacerbated when employees already perceive themselves to be members of the weaker party to the merger" [p. 147]. In their case study, they found that the perceived dependency and subordination by the faculty and staff of the less dominant institution led to a stepchild mentality.

How participants feel about a merger is also affected by their basic beliefs of how things should be done. Bennis [1977] observed that veteran faculty members were hurt, indignant and angry at major changes that took place at Buffalo shortly after it became part of the State University of New York and resisted change because they were not significantly involved in the planning. These findings support the contention of Gorman and Pappas [1989] that in a merger, organizational cultures of the two institutions must be examined "because ultimately the success or failure will be determined by the individual and collective behaviors, beliefs and assumptions of people" [p. B3]. They maintain that even the most elemental concepts may have different meanings across institutions and failure to recognize this can be fatal to meeting strategic objectives.

In addressing the negative effects that merger has on participants, it may be helpful to consider the experience of business mergers in dealing with this particular outcome. Institutions of higher education are certainly not the same as for-profit businesses; they have vastly different missions. This does not mean, however, that institutions are unable to learn from business and adapt their solutions

to similar problems being faced by higher education. They do share certain characteristics common to all bureaucracies.[3] Unfortunately much of the literature on business mergers is focused on economic/ financial analysis of market forces and values of stock and as such does not apply to educational mergers [Chambers, 1986].[4]

Business firms have a long record of using mergers and acquisitions to facilitate growth [Shirley and Peters, 1976]. Shirley and Peters conclude that college administrators "may well be advised to study the organizational lessons already learned in business mergers" [p. 152]. They state that in the business sector, acquisitions are "too often consummated with little advance planning concerning post-merger relationships and operations" [p. 147]. They found that this was also true in a merger of two colleges that they studied. In horizontal business mergers of companies in different geographical areas, Shirley and Peters maintain that the resulting causes of resistance to change by employees have counterparts in academic mergers. They identify achieving a balance between autonomy and centralization, dealing with employee anxiety and establishing communication mechanisms as major issues that must be addressed to provide a smooth transition.

In their comprehensive analysis of business mergers, Buono and Bowditch [1989] state that the turmoil, confusion and tension that employees experience can undo the most careful financial and strategic planning. In order to deal with this turmoil and the clash of cultures, they recommend establishing transition teams, offering morale boosting activities, creating effective communication channels, providing counseling and workshops for employees and conducting

surveys to track morale. They also are concerned that research indicates that "human resource considerations play a relatively small role in merger and acquisition decisions" [p. 22]. They conclude that it is unfortunate that most analysts involved in merger assessments usually disregard human dynamics and the financial ramifications of post merger personnel problems.[5]

The Merger Process

A merger, with its variety of required changes, is not an event but rather a process. The tensions in the dynamics of this process also center on factors associated with change in any organization. These issues include risk, uncertainty, negotiation, leadership and planning. Legal issues and the possibility of litigation also complicate the process. In his extensive case study, Millett [1976] found that the process of merger is not a simple procedure and is time-consuming. Within this process, he stipulates that the conducting of negotiation and the reaching of agreement can be laborious. This is vividly detailed by Dr. Eldon Smith of the National Council of Independent Colleges and Universities who is quoted as saying that "negotiating a permanent new structure is such a punishing process that many institutions get to the verge of merger but do not show up at the altar" [Bugliarello and Urrows, 1976, pp. 101-102]. Chambers [1981a] in her study of mergers in New York state concluded that they represent a "multiplication of institutional complexity with problems so idiosyncratic that each merger must be hand-tailored" [p. 26]. This is probably why she describes merger as a daring adventure that is "as tough as it gets" [1983, p. 23].

<u>Negotiation Issues</u>

There are several issues relating to the actual merger process. The first centers around issues involving confidentiality and consultation. At the initial stage of consideration, presidents, key administrators and trustees are usually involved in determining if the merger is desirable [Millett, 1976]. If the initial response is favorable, then negotiation of particulars are initiated. Millett notes that there is a tendency for negotiation to be conducted in an atmosphere of secrecy and that there is "little disposition on the part of presidents to discuss the desirability of merger with faculty leaders, student leaders or community leaders" [p. 34]. He claims that any such discussions would become public knowledge and most likely lead to efforts to prevent the merger.

The balance between confidentiality and consultation is not easily attained. Fischer [1978] states that in the Case/Western Reserve merger, faculty were not consulted in advance because they would not have approved the merger. This led to indignation on their part. Although Benezet [1983] recommends some secrecy in the early stages, he posits that "all too often the tremors that come with a proposed merger reflect a poor communication system between the administration and the faculty and the student body" [p. 41]. He concludes that the operational meaning of consultation is difficult and controversial, but if genuine progress is made on this chronic problem, the results will better prepare institutions for merger. His view is shared by Chambers [1983], Bugliarello and Urrows [1976], and Thompson [1985].

The second major issue involving the process of merger is the negotiation of matters pertaining to the faculty and staff. It is in this area that the process can be the most difficult. The transfer of faculty and staff has been identified as a major sore point in negotiations between merging institutions [O'Neill and Barnett, 1980]. They maintain that "the number of faculty jobs offered to the smaller partner is almost bound to be a source of disenchantment" [p. 27]. They conclude that the dealing with faculty and staff issues is one of the most time-consuming and difficult areas because legal, moral and psychological issues are entwined with decisions. Thompson [1970] similarly contends that mergers are not easy because of resistance. This surfaces because the status of individuals will be changed, pride in institutional identity is threatened and personnel policies are modified. The absorption of faculty "creates the greatest obstacle to an affiliation" [Thompson, 1985, p. 22]. He maintains that faculty are not only concerned about job security, but also facilities, equipment, teaching load and research expectations. He also cites that collective bargaining agreements can exacerbate negotiations.

Failure to address faculty concerns could certainly complicate the merger process. Peters [1977] theorizes that his finding that faculty problems impeded achievement of merger objectives resulted from their low level of participation in merger negotiations.[6] Another danger is that if faculty feel that they will not benefit from merger, some of the ablest and most mobile will go elsewhere [Bugliarello and Urrows, 1976].

The third major issue involving the merger process concerns reputation and financial risks. Where institutions have not had a

history of cooperation, a substantial difference in reputation may serve to block the merger. When reputations are balanced, the successor would benefit from preserving both identities which in turn would make merger easier to negotiate [Chambers, 1983]. Chambers concludes that differences in reputation will pervade negotiations and "probably more than any other single factor determine their outcome" [p. 11]. This is substantiated by the findings of a study [1987] she conducted on private institution mergers that took place over the course of a decade.

Associated with reputation is the issue of financial risk. Since in many instances at least one of the partners in a merger is experiencing financial difficulty, fiscal matters including debt and credit become a major consideration. Issues such as financial obligations, endowments, grants with restrictions, government funds, etc. must be resolved. Thompson [1985] concludes that "the disposition of physical property and the details associated with the financial aspects of merger involve laborious proceedings" [p. 22]. Chambers [1981b] maintains that "the most important factor colleges need to know about when negotiating a merger is the basic financial structure that underlies the process" [p. 97]. She concludes that not only must there be financial gain for each party, there must be enough extra value for the successor institution to make the merger worth all the risk and time.

The issue of financial risk can be minimized in negotiating a merger. O'Neill and Barnett [1980] stress that what one institution has to offer another institution with a stronger market position must be presented so that the merger is seen to be of value to both parties. The strategy for the weaker institution is to present a package of both

assets and liabilities and anticipate what value the other institution will place on these assets and how that institution will respond to the risks involved. They state that the strategy for the stronger institution must be to maximize the ability to fulfill its mission by securing enrollment increases, property and endowment while minimizing liability, such as taking over debt and tenured faculty who duplicate current strength. They conclude that the weaker institution should set aside the collegial model of cooperation and "think instead of the business arrangements that might prove workable given the devalued worth of its assets" [p. 26].

Leadership and Planning

Leadership plays an important role in the merger process given the sensitive nature of the issues to be negotiated. Chambers [1983] contends that "merger results from a very human act of assessment, based on fallible perceptions, estimates and comparisons" [p. 8]. Within this context, she maintains that usually a strong leader, such as a president, powerful trustee or donor, controls the direction of the merger attempt. In moving an institution through major change such as a merger, Norman [1987] posits that strong leadership--a dynamic and decisive president and board--is required. Bugliarello and Urrows [1976] also identify leadership as one of the important factors in successful mergers.

A major reason why leadership is important may stem from the conservative nature of trustees. Chambers [1983] contends that boards of trustees, which have to make the final decision on mergers, have both risk and uncertainty to contend with as issues. Because of the trust relationship, boards are not great risk takers. She concludes

that "where neither outcomes nor their probabilities are known, uncertainty adds to this already conservative slant, making it harder to choose a risky venture, such as merger" [p. 9].

Leadership alone, however, can not guarantee a successful process. The literature is permeated with passages extolling the need for careful planning of mergers. Thompson [1985] advises that strategic planning is essential, especially to accommodate the emotional and political dimensions of a merger decision. In his case study of a failed merger attempt between Detroit Institute of Technology and Wayne State University, he found that the primary reason for failure was the lack of strategic planning. Gorman and Pappas [1989] similarly strongly support careful planning when considering a merger. They state that "all too often, merger planning limits itself to the requisite legal transactions, changes in the policies and procedures, and, perhaps, some strategic curricular reform" [p. B3]. They claim this is done at the expense of formulating an intentional implementation plan that addresses a fundamental restructuring. Also, Martin and Samels [1989], Shirley and Peters [1976], and O'Neil and Barnett [1980] all point out the importance of planning.

Despite detailed planning, unexpected issues and problems will surface during the process. A major conclusion of Millett's study [1976] was that the process of merger and its implementation present complexities not always foreseen. This was also true for the Tennessee State University merger in which Matlock and Humphries [1979] found that the merger plan "as with all plans, could not possibly have anticipated all the various merger-related contingencies" [p. 21].

Lewis [1981] reaches a similar conclusion that a single merger agreement can not answer all the important questions.

The literature indicates that when leaders are developing merger plans and going through the process, they should continuously focus on the positive outcomes for the successor institution [Chambers, 1983; Millett, 1976; and Bugliarello and Urrows, 1976]. This will help all concerned parties overcome the intermediate obstacles and problems. Perhaps the accentuation of the positive is best summarized by Chambers: "College merger requires investment, knowledge, dexterity, luck, wisdom, and the courage to be consumed for the sake of some better future" [p. 23]. She adds that the involved parties should invent the future together in an atmosphere of mutual trust.

Legal Issues

Legal considerations concerning the technical process of merger are of major concern because of possible litigation and liability factors. Chambers [1981a] claims that there could be more court involvement in retrenchment mergers because this is the age of litigation. Hample [1982] identifies liability issues that might lead to various groups bringing suit when campuses or programs are closed. He contends that laid-off faculty may sue on any of three grounds: violation of freedom of speech, deprivation of constitutional right of due process and violation of contractual obligations. He maintains that institutions appear "to have a reasonable amount of flexibility and a good legal defense where program closure was caused by financial exigency" [p. 50]. He cautions, however, that such a defense can quickly disappear if the institution's stated procedures are not followed. Students may also bring suit on the grounds that the institution has

violated a quasi-contractual obligation to provide instruction in return for tuition and fees. He recommends that institutions allow students to voice objections (due process) and seek methods that will minimize damage to students (phasing out programs, arranging transfer, and merging with other programs). O'Neill and Barnett [1980] conclude that "courts will hold the trustees responsible for weighing all the available options--and for documenting why they have chosen one option rather than another" [p. 17].

Both public and private institutions of higher education exist under various laws that regulate their operation.[7] When considering a merger, the statutes, charter and bylaws that govern each institution must be examined. Although laws vary from state to state, there generally are explicit statutory procedures for amending corporate purposes and bylaws [Meyer, 1970]. O'Neill and Barnett [1980] give an excellent summary by state of the regulations for the closing and merging of nonprofit colleges.

In addition to the general requirements imposed by statutes and charters, a merger involves several technical legal issues. As an initial step, the institutions should identify all parties with a legal interest in the merger. If courts become involved in reviewing merger agreements, they would be concerned that "all interested parties were informed and agreed to the final outcome. The college would have to show that all legal obligations--including fiduciary ones--were met" [O'Neill and Barnett, 1980, p. 29]. Benezet [1983] states that many regional accrediting commissions have adopted policy guidelines which suggest that the entire set of operations involving merger or closure should be considered "a legally guided series of several steps that will

stand up before any bar of review" [p. 39]. The legal issues in mergers are not necessarily the most important one, but they do influence decisions that must be made [Meyer, 1970].[8]

Situational Factors Impelling Merger

Given that a merger involves drastic change and is a process requiring strong leadership and detailed planning to overcome risk, uncertainty, liability and potential opposition including litigation over a variety of issues, why would an institution consider such an extreme action? Perhaps Millett's [1976] findings based on 10 case studies offer a possible explanation. He concludes that the need for merger was usually so apparent as a solution to problems and an alternative to merger so elusive, that the merger process was consummated in order to preserve essential educational services and opportunities.

In analyzing the literature, it appears that at least one of the merger partners is usually under a great deal of stress due to one or more factors. They include financial exigency, political intervention, concerns about quality, and limitations of access and equal opportunity. These factors are strong enough to propel an institution to consider merger.

Financial

Financial exigency is identified as the most prevalent reason for a merger [Millett, 1976; Chambers, 1981b; West, 1980; and Benezet, 1983]. Bugliarello and Urrows [1976] state that they have "yet to find a merger that did not have as its basis a fear of what would happen if merger did not take place" [p. 101]. They theorize that trustees are unlikely to take the drastic act of merger unless survival is at stake. The attractiveness of mergers for a financially struggling institution is

that trustees view it as a reasonable way to fulfill their fiduciary responsibilities and to provide continuity in education and employment for students, faculty and staff [O'Neill and Barnett, 1980]. Millett [1976] found that the mergers he studied were proof of financial difficulty in the private sector. He hypothesized that fiscal reasons are the essential motivation for merger. He does not limit fiscal reasons to immediate shortfall but includes the desire on the part of an institution to strengthen its financial position.

The reasons why institutions find themselves in financial difficulty are varied. Millett [1976] suggests that size might be a factor. Small institutions in the private sector which rely on tuition and fees as their main source of income do not share an economy of scale that larger institutions enjoy. Benezet [1983] and a study conducted by the Florida Postsecondary Education Planning Commission [1986] identified enrollment decline as a contributory factor to financial difficulty in institutions whose financing is enrollment driven. West [1980] and Benezet [1983] postulate that poor management also contributes to financial problems.

Financial motivation for merger is not restricted to the private sector. In the public sector, a merger can be used to increase resources or for retrenchment purposes resulting from reduced financial support or declining demand. Cass [1967], in his study of the merger that eventually created Southeastern Massachusetts University, found that financial benefits for the merged institution was a major reason for the merger. Lewis [1981] cites the merger of New College and the University of South Florida as an example of how the state can expand programs at less cost and continue programs that

separately might not be possible. Although Mingle et al [1981] believe the merging of public institutions will be rare, they maintain that merger is one retrenchment solution to the problem of enrollment decline and financial cutbacks. Chambers [1981a] describes public mergers in glowing terms: "College merger can provide a creative and relatively incremental means for reducing a system of higher education to match diminished demand" [p. 1].

Although some writers consider coeducation as a reason for merger, it appears that a financial reason is the underlying motivation for many of these mergers. Although social factors stemming from sexual nondiscrimination may have contributed to five women's colleges mergers with other institutions in the sixties, Millett [1976] found that financial difficulty resulting from low enrollment was the basic reason for these mergers.

It must be noted that a merger is not always the ultimate panacea for institutions facing financial problems. Thompson [1985] points out that two institutions having financial difficulty should not merge because the successor institution will most likely struggle also. The recent closing due to financial difficulty of Mercer University's College of Arts and Sciences, acquired in a 1972 merger, is a case in point ["Mercer's College," 1990]. Bugliarello and Urrows [1976] maintain that trustees take the drastic act of merger "with reluctance, only when they see salvation or an enormous advantage. When gains are marginal they will not risk merger" [p. 112]. O'Neill and Barnett [1980] caution that to a small, financially struggling college "the reality of merger may turn out to be less attractive than surface appearances would warrant" [p. 25].

Political

The second situational factor that propels an institution into a merger is political intervention. Mergers involving public institutions have by their very nature political implications. A classic example is presented by the merger of the University of Wisconsin and the Wisconsin State University Systems where the governor was the prime mover for the merger. Then Governor Patrick J. Lucey pushed the merger through the legislature despite opposition from educational boards, administrators and faculty, and public indifference [Shaw, 1973]. His stated motivation to the voters was that the state was experiencing "days of austerity" and that the merger would "save the taxpayers money" [Shaw, 1973, p. 40].

The merger of three institutions located in the nation's capital into the University of the District of Columbia also illustrates the influence of politics. Gordon [1976] uses strong language by claiming that "old-fashioned power politics" had been involved in the university's creation [p. 22]. She claims that the original merger bill, largely written by the president of one of the institutions, would have reduced the other principal institution involved to a very subordinate role in the merged institution. Political reasons played a different role in the merger of two institutions with strong local ties to the cities in which they were located into what is now Southeastern Massachusetts University. According to Cass [1967], a major reason contributing to the merger was the desire to escape the local political domination and patronage that existed at the predecessor institutions.

In Millett's study [1976], political considerations were a major influence in four instances.[9] In each case the mergers resulted from

strong efforts by politicians in the local area and a favorable political climate in state government. Millett concludes that:

> It is reasonable to generalize that any merger involving state government funding or state government legislative action is necessarily a merger made possible only by political considerations involving the various parties to the transaction. Governmental action is politics and mergers of higher education institutions sometimes can and do involve governmental action. [pp. 22-23]

Another aspect of political intervention is the desire on the part of public officials to use mergers to correct the lack of coordination among institutions. In the proposed 1979 reorganization of two-year colleges in Alabama, mergers were recommended because the current system had been developed with little thought to coordination and planning [Mingle, et al, 1981]. In Connecticut the proposal to merge community colleges with technical colleges was based on the premise that it would enhance the coordination of curriculum [Mingle, et al]. In Massachusetts, the same writers found that the absence of a strong statewide coordinating mechanism contributed to the merger of Boston State College and the University of Massachusetts at Boston.

One of the reasons given for the merger creating a single University of Wisconsin system was to eliminate the weak Coordinating Council for Higher Education [Shaw, 1973]. Evidently the council was unable to eliminate unnecessary duplication and competition. Merger was seen by its proponents as a way to solve this problem. Governor Lucey particularly singled out the "expensive duplication of graduate programs in both systems" as one of the reasons for merger [Shaw, p. 40]. In Florida, the primary reasons cited by the Legislature in directing a study to be done on forming a single

public four-year institution with multiple campuses was "the development of a structure for ensuring coordination and the delivery of educational opportunities" [Florida Commission, 1986, p. i].[10]

It is interesting to note that Mingle, et al [1981] predicted that the merging and closing of public institutions during the 1980s would be rare because of political constraints. They base this conclusion on the premise that institutions and their supporters go to great extremes to avoid mergers and closings, thereby making the political costs too high. This prediction is validated by Jaschik [1987] who reports that citizen campaigns made it nearly impossible to close or merge public institutions in the 1980s. Even when only one of the institutions is public, the political debate can be difficult and acrimonious [Bogue, 1981]. Mingle and his associates suggest that one solution to keeping politics out of the consideration is "to provide greater incentives for campuses or systems to engage in serious self-contraction" [p. 296].[11] They further state that any public institution considering merger will need to obtain firm gubernatorial support.

Quality Improvement

The need to improve the quality of programs or enhance academic excellence is a third situational factor that moves an institution to consider a merger. Thompson [1970] maintains that "breadth, depth, accreditation and enrichment of academic programs may all be promoted by a merger" [p. 4-96]. He concludes that when specialized schools merge with larger institutions, students benefit from greater faculty competence in a large number of fields. This level of competence could not be attained by the smaller school. He

also claims that larger departments offer a greater variety of courses and permit a higher degree of specialization.

The merger that created Case Western Reserve University illustrates the improved academic quality of the succeeding institution. Fischer [1978] states that the motivation for the merger was "to bring into being a nationally recognized community of academic excellence" [p. 38]. She concluded 11 years after the merger that it has worked successfully and the institution is thriving. A similar note has recently been sounded in the Kansas Board of Regents' approval of the merger of Kansas State University and the Kansas College of Technology. The merger has been described as "not only a move of economy but an enhancement of quality" [Cage, 1990].

In the study by Millett [1976], the drive for academic excellence was a motivational factor in four cases. In each of these cases it was anticipated that academic excellence would be more readily brought about and sustained than if the institution had not merged.[12] Martin and Samels [1989] claim that a new perspective on mergers is emerging. It is one of moving away from the usual focus of managing decline to a view that mergers are creative and effective means to achieve academic excellence by improving quality. An example of this is the recently considered merger of the University of Baltimore and the University of Maryland-Baltimore County in which the proponents argued that it would improve the quality of public higher education [Jaschik, 1990a].

Access and Equal Opportunity

A final reason for a merger involves providing equal access for minorities and the desegregation of institutions. In a significant

decision, the United State's Sixth Circuit Court of Appeals ruled in 1979 that the utilization of merger was a viable strategy for accomplishing desegregation in higher education. The court action mandated the merger of the University of Tennessee at Nashville, a predominately white institution into Tennessee State University, a predominately black institution. This was the first case of a court-ordered merger resulting in the surviving institution being a predominately black institution [Matlock and Humphries, 1979]. In studying this merger, Matlock and Humphries observe that some states, in considering ways to desegregate their dual systems of higher education, view merging black schools into white ones as possible, and often times the only solution. They claim that the merging of white institutions into black institutions is rarely mentioned even though some of the black schools have been functioning much longer.

The implementation of mergers to effect desegregation may be considered by the states of Mississippi and Alabama. In February 1990, the U. S. Court of Appeals for the Fifth Circuit ruled that Mississippi operates an illegally segregated university system of five predominately white universities and three historically black universities ["Mississippi Must Desegregate," 1990]. Alabama is currently facing legal action involving desegregation of its colleges [Jaschik, 1990b]. Mingle et al [1981] cautions, however, that black colleges will strongly fight merger in order to retain their identities. They cite experiences in Maryland in 1979 and Alabama in 1980 when "supporters of the black colleges filled the meeting rooms to overflowing and provided enough opposition so that the proposals...were dropped or postponed" [Mingle et al, 1981, p. 295].

<u>Other Reasons for Merger</u>

In addition to the above stated factors impelling institutions to seek merger, several other facilitation factors are identified in the literature. They include previous cooperation, geographical proximity and program/mission changes.

When institutions have had a history of collaborating on various projects and programs, the decision to merge their entire operation may be facilitated. Millett [1976] details four instances where collaboration was present prior to merger. He cites the cooperation of Case Institute of Technology and Western Reserve University as a prime example of how collaboration facilitated the merger discussion. Fischer [1978] colorfully illustrates the role of this collaboration by quoting the President of Western Reserve: "'We've been going steady for about 10 years; we've been sleeping together for about 5 years--and its about time we got married'" [p. 39]. Cooperation between institutions as a facilitation factor has also been documented by Chambers [1981b] and Thompson [1985].

Millett [1976] observes that because cooperation between institutions has its own advantages, it does not necessarily mean an intention to merge. He does, however, identify a pattern of cooperation as "a positive influence encouraging an eventual merger of two institutions" [p. 18]. He theorizes that the process of cooperation may be so troublesome that both parties view merger as preferable to the complication of continued joint action. If this is not the case, he postulates that merger may be viewed by the institutions as the logical sequel of cooperation and increased collaboration.

The geographical location of institutions in relationship to each other can also facilitate merger. In Millett's 1976 study, geographical proximity played a principal role. Thompson [1970] maintains that if other things are equal, "a merger is more likely to take place between two adjacent institutions than between two that are geographically separate" [p. 4-29]. Geographic factors, however, are not limited to the mere fact of proximity. Millett maintains that from 1945 to 1970, state governments and state universities reversed their earlier stance of locating institutions away from the emerging concentrations of urban population. He found that "some part of the story of mergers is a story of this adjustment of public higher education to the realities of a predominately urban society with a variety of ethnic populations" [p. 14].[13] Chambers [1981b], Myers [1990], and Mangan [1990] also identify the desire of public institutions to expand into a particular geographical area as a reason for merger.

A merger may also be appealing to institutions in order to expand academic programs that complement rather than duplicate current course offerings. Chambers [1981b] maintains that institutions may be amenable to a merger in order to "expand their programming and diversify their activities so that they are less vulnerable to shifts in demands for particular programs" [p. 92]. She also suggests that institutions with research orientations may seek a merger with professional schools in order to counteract the uncertainties of federal support. Conversely, schools with high quality professional programs might seek a merger with research institutions to gain research or enrollment potential.

It is possible that differences in programs of two institutions may facilitate a merger more than institutions with similar programs. Millett [1976] concluded that "to some degree, complementary institutional programs rather than duplicated or competing programs appeared to encourage mergers" [p. 19]. This contention is also supported by Cannon [1983] and Bugliarello and Urrows [1976]. The latter postulate that dissimilar and complementary mergers involve less tension than those joining similar institutions and therefore are more likely to occur.

The motivation to merge, however, is not restricted to diversification of programs. The desire to lessen competition and eliminate duplication is also a motivating factor. In the Wisconsin merger, Shaw [1973] claims that part of the contributing reason was to end unnecessary duplication and competition. In the recent merger of the University of Detroit and Mercy College, the elimination of duplicate programs and the saving of money were given as reasons for the consolidation ["Two Catholic Colleges," 1990]. Some argue that the solidification of a strategic position in a local or regional market is a valid reason to merge [Martin and Samels, 1989].

Closely intertwined with program factors is the issue of institutional mission. If an institution wishes to change its mission, merging with another college to create an entirely new institution is an alternative. Martin and Samels [1989] contend that merger is one of the most creative and effective means for academic planners to articulate new missions. They cite as a pertinent example the merger of Widener University (small university), the Delaware Law School and

Brandywine College (a junior college) into one full-service regional university.[14]

The Outcomes of Merger

The literature indicates that most mergers accomplish many of the original purposes for which the process was initiated. This positive outcome, however, comes at a price for the institution and the people involved. As stated earlier, institutional identity of at least one participant is lost and faculty, students and alumni are adversely affected in various ways. Because of this, merger could be described as bitter medicine to facilitate a better future. Bugliarello and Urrows [1976] state it graphically: "The aftermath of an academic merger is like having all your teeth out. When we look back at what has happened, long after the novocaine has worn off, the gains may well be worth the pains" [p. 95].

When the main reason for a merger is financial exigency, the merger usually results in creating a successor institution with a degree of financial stability. In a survey of 31 mergers over a nine-year period, it was found that improved financial support was the most frequent advantage of merger [Peters, 1977]. In the study conducted by Millett [1976] both financial improvement and payment of creditors resulted from those mergers where financial exigency was a factor.

A merger involving a financially troubled institution, however, does not automatically ensure financial stability for the successor institution. If both institutions have deficit operations, their joining is likely to compound rather than solve their problems [Bugliarello and Urrows, 1976]. Gorman and Pappas [1989] warn that lasting economy

of scale is not necessarily the case in all mergers. Also, the lack of potential financial savings could scuttle merger efforts. This, along with the potential decrease of community support resulting from a loss of identity, were cited as reasons why the proposed merger between Florida Atlantic University and Florida International University was not consummated [Florida Commission, 1986]. The Florida Commission in fact concluded that most public mergers result in additional expenses because of added bureaucracy and increased state spending to appease disgruntled constituencies.

In addition to improved financial status, other positive effects of merger have been documented. The merger of New College and the University of South Florida resulted in New College continuing its identity through a flexible, individualized and freedom of choice program of studies [Scheuerle, 1979]. Improvement in quality of instructional programs, enrollment increase and campus expansion were present in varying degrees in the mergers studied by Millett [1976]. In Peters' survey [1977], improved or elimination of duplicate programs was identified by twelve institutions as a positive outcome of merger.

Alternatives to Merger

Because a merger is a complex process that involves high risk and negative impacts on individuals, alternatives should be given consideration. Mergers are not the only means available to achieve strategic objectives of a merger [Gorman and Pappas, 1989]. Within the literature, identified alternatives range along a continuum from management changes within an institution to cooperative efforts with

other institutions to the drastic measure of closure. This section will briefly discuss these alternatives.

Internal Changes

For institutions facing financial exigency, several alternatives involving internal action exist to improve its fiscal position and thereby avoid a merger. They basically center on the actions of increasing revenue, decreasing costs and implementing management changes. They include raising tuition and expanding only on the basis of tuition [Thompson, 1970], pursuing more aggressive investments to gain a higher rate of return on endowment [Grassmuck, 1990], maximizing the use of facilities [Vecchione, 1981], and down-sizing of programs and staff [McIntyre, 1990 and Grassmuck, 1990]. Other management techniques include the development of market strategies for recruiting students and the implementation of strategic planning, which involves systematically setting goals and formulating plans for achieving them [Grassmuck, 1990]. Institutions could also become more efficient by being more management conscious and utilizing information systems and technology to perform their functions [McIntyre, 1990].

A more radical approach to financial problems involves changing the mission of the institution or its form of control. Vecchione [1981] states that institutions wanting to implement innovative programs to increase enrollment and income may have to change the personality of the school and its mission. In the 1970s, New York University took the drastic step of restructuring its mission to survive financial problems [Baldridge, 1977]. McKeefery [1981] in his study of five private institutions which entered into public partnership by accepting state

funding, found positive outcomes even though crises were often the trigger for the change. He found that although governance is altered, organization revised, accountability instituted and service to a particular public mandated, "institutional self-determination is still a large component of these private-public partnerships" [p. 64]. Thompson [1970] and O'Neill and Barnett [1980] also see public funding as a way of solving financial problems.

Cooperative Measures

Various forms of cooperative arrangements can be entered into by an institution in order to improve quality, lower costs and expand opportunity. Voluntary cooperation, sometimes referred to as affiliation, enables institutions to establish reciprocal arrangements that are characterized by a less formalized structure than other forms of cooperation [Cannon, 1983]. Under this type of agreement, Cannon points out that the identities, charters, powers and corporate structures of affiliated institutions remain intact. Staff from two or more institutions working together on a particular project is a basic example of this type of cooperation. Bugliarello and Urrows [1976] add that affiliation is the loosest cooperative arrangement and it is "a linkage that lasts only as long as both parties benefit" [p. 99].

The next highest level of cooperation is consortium. Cannon [1983] describes it as an arrangement in which "institutions join together to formally share programs, services, facilities, students and staff" [p. 3]. Under this arrangement, participating institutions have formal agreements while maintaining separate corporate identity. The Five College Consortium involving the University of Massachusetts, Amherst and nearby colleges is an example of this arrangement.

Patterson [1974] lists the advantages of consortia as increasing diversity, quality of programs and scope of services, while decreasing costs. O'Neill and Barnett [1980] maintain, however, that consortia are unlikely to be the answer to severe financial or management difficulties because members assume financial responsibility for only those activities that are specified in the joint venture agreement.

The highest level of cooperation is federation. Under this arrangement, two or more institutions "retain their corporate identities but agree to surrender to a central administration, a measure of autonomy in the overall management of the combined institution" [O'Neill and Barnett, 1980, p. 18]. According to O'Neill and Barnett, it is in theory a compact among equals that tends to work best where institutions complement rather than duplicate each other's programs.[15]

Termination

There exists at least two rather drastic options to cooperation and merger. They are bankruptcy and closure. Vecchione [1981] states that historically bankruptcy has been viewed incorrectly as a criminal act. He maintains that it can be a valuable tool for a troubled institution to gain needed time to regroup and reorganize. He concludes that the filing of a Chapter 11 "can bring into one proceeding all of the problems that need attention and resolution. The protection of the court affords the institution the time and opportunity to address all of its problems and to develop a cohesive plan for resolving them" [p. 14]. O'Neill and Barnett [1980] conclude that although Chapter 11 is seldom used, it is most appropriate when an institution has sufficient non-liquid assets to make a successful reorganization likely.

When an institution can not negotiate a merger or institute one of the options identified in this section, closing becomes the only option if it is unable to operate in the black. Closing has been described as "a painful, difficult, and certainly the most final of all types of corporate change" [O'Neill and Barnett, 1980, p. 55]. Millett [1976] found that "the closing of a college presented even more sensitive issues than those involved in a merger. One reason for this sensitivity is that a closing is very likely to result in litigation" [p. 72]. He found that in the five closings studied, an income-expenditure gap was the immediate cause of closure, each lacked an endowment of any size, and management circumstances of each college contributed to eventual failure. He argues that business failures are a common phenomenon and there is no reason why such failures may not also occur in higher education.

Summary

A merger, by its very nature, is a drastic change for participating institutions, their governing boards and constituencies. Institutional changes include dissolution of boards of trustees, alteration of mission and programs, and modification of organization and procedures. These changes occur whether the merger is of the consolidation type (all boards replaced by a new one) or the dissolution/acquisition type (one board takes over other boards). During the 1970s, this latter type of merger has replaced the consolidation type as the most common.

Under both types of merger, one institution usually takes a dominant role because of reputation, size, financial condition or other factors. This is especially true when a private institution mergers with a public one. The dominance of the public institution

resulting in loss of autonomy for the private entity may be one reason why mergers between private institutions are more readily accomplished that between mixed control institutions.

A merger has a dramatic impact on faculty, staff, students and alumni. It is a stressful situation that employees view as a major life change. This triggers resistance, anger, resentment, anxiety, decreased job satisfaction, role tension and low morale. The situation is further exacerbated when employees consider themselves as belonging to the less dominant institution. Therefore, organizational culture and transitional stress should be addressed. In this regard institutions can benefit from business merger experience. In many instances students are also disrupted. Alumni also feel a sense of loss accentuated by their loyalty to alma mater.

A merger is a complex, time consuming and difficult process that involves negotiation and detailed planning. Problems may be so idiosyncratic that each merger must be hand-tailored. Negotiation is often characterized by secrecy, difficulty in arranging transfer of faculty and staff, and concern over institutional reputation and financial risk. Faculty and staff status is usually the most difficult and major obstacle in the process. Leadership, strategic planning, involvement of constituencies, and emphasis on positive outcomes are necessary for successful mergers. Unexpected issues will undoubtedly surface during the process. Because of the complex nature of the merger process, liability litigation on behalf of faculty and students is a distinct possibility. If litigation occurs, courts will examine if trustees considered all options and the reasons why they choose a merger over other options.

Despite the complexity and difficulty of the process, mergers have been consummated either to attain a greater good or to alleviate situational factors that threaten the educational enterprise. In the latter case, there must be a clear gain for participating institutions. In the 1960s, expansion and growth were prime motives for mergers. In the 1970s, the main force was financial exigency. It appears that in the 1980s, there is a combination of financial exigency and improvement of quality as a major cause.

Political intervention for fiscal reasons and to improve coordination has also been a merger impelling factor. The mergers of public institutions imposed by state authorities, however, may be rare because constituents of institutions who are opposed go to the extreme, making political cost too high. Another reason for mergers is that mission and programs can be expanded by merging institutions with complimentary rather than duplicative curriculum. For public institutions, the elimination of duplication to save money may be major reasons for merger, especially if they are in proximity to each other. Quality and access can also be enhanced by a merger. In the latter case, however, the loss of identity for black colleges may be a major obstacle.

Although mergers usually accomplish their intended purposes, especially in cases of financial exigency on the part of one partner, alternatives should be considered given the complexity, risks and negative impacts of the process. They include internal management changes and reforms, changes in mission and type of control, voluntary cooperation with other institutions, consortia,

federation and bankruptcy. For some institutions with severe financial problems, closure may be the only option.

The literature, however, does not provide answers to several important questions concerning the merger phenomenon. Exactly how does organizational change affect the reasons, process and outcomes associated with a merger? What are the specific causes of conflict and crisis characteristic of the merger process? And finally, are there ways in which the merger process can be facilitated to lessen the negative outcomes for the institution and involved individuals? An examination of case studies of specific mergers will help to answer these questions and identify important distinctions. The analysis is presented according to the merger reasons (Chapter 2), process (Chapter 3), and outcomes (Chapter 4).

Notes

1 Chambers [1983] identifies two additional but less common types of merger: interlocking directorate and holding corporation. In the interlocking directorate arrangement, members of one board of trustees resign and are replaced by members of the board of another institution. This was used in the merger between Parson's School of Design and New School of Social Science in 1970. In the holding corporation model, a separate board is created that controls the existing boards of the institutions involved in a merger. The existing boards continue, but with limited and well defined responsibilities.

2 Some writers draw an analogy between merger and death. Thompson [1985] states that the reactions and attitudes among the constituents of an institution about to lose its identity are comparable to the symptoms of grief exhibited over the death of a human being. For O'Neill and Barnett [1980], the psychological impact of merger is comparable to death with its sequence of denial, anger, bargaining, depression and acceptance. West concludes that persons "associated with an institution facing merger or closure suffer the same symptoms of grief they would experience over the loss of anything important" [p. 28].

3 Bennis [1977] points out that problems surrounding change are not peculiar to universities. He states, "Every modern bureaucracy--university, government or corporation--is essentially alike and responds similarly to challenge and to crisis, with much the same explicit codes, punctilios and mystiques" [p. 121].

4 Academic mergers differ from business mergers in at least two important ways. Academic mergers are less restrictive in that there are no anti-trust laws involved and no fear of an injunction on the basis of restraint of trade and reduction of competition [Thompson, 1970]. Also, academic mergers usually involve one institution being in an inferior position resulting in the joining a viable with a non-viable institution. This is usually not the case in business mergers [Benezet, 1983].

5 Steiner [1975] also identifies threats to managerial status as a detriment to business mergers. Like academic mergers, he states that business mergers have a variety of motivations and varied effects. He concludes that guidelines ought to be established that

will enable companies to determine if a merger should be entered into and that attention must be given to probable alternatives to merger.

6 The concern of faculty members relative to merger is articulated by the American Association of University Professors (AAUP). In a statement issued in 1981, the Association put forth two requirements: First, faculty should be involved in decisions affecting academic programs and faculty status. Second, terms of faculty appointment at the time of affiliation be honored as fully as possible and the principles of academic freedom and tenure be safeguarded.

7 Public institutions operate under enabling general education legislation or specific statutes passed by state legislatures. Private institutions operate under nonprofit corporation acts of each state and degree approval requirements of various boards. Meyer [1970] points out that a merged institution must seek approval to grant degrees from the appropriate authority in the state and must follow state requirements in changing name and/or location of the institution.

8 Other legal concerns concerning the technical parts of merger include corporate powers of governing boards, transfer of assets, incorporation of governing board, corporate legislative and/or judicial approval, labor contracts, contracts with vendors, leases, merger agreement document, disposition of physical property, and transfer of accounts receivable and payable [Meyer, 1970; Thompson, 1985; Chambers, 1981b].

9 The mergers were Suny/Buffalo, University of Missouri/Kansas City, New York University/Polytechnic Institute of Brooklyn, and Lowell State College/Lowell Technological Institute.

10 The study commission, however, concluded that mergers between public institutions are rare and difficult particularly if impetus comes from the state.

11 They identify the retaining of savings by the institution (as opposed to reversion to the state) as one incentive. With this incentive, the desired outcomes could then be achieved on a voluntary basis with programs and plans being formulated by the educational community.

12 He concludes that "Without this motivation for excellence, merger would have been much more difficult for faculty members to accept...[it] was a purpose faculty members could not resist" [p. 21].

13 The merger of the University of Kansas City with the University of Missouri system, the University of Buffalo with the State University of New York, and the School of Engineering and Science of New York University with the Polytechnic Institute of Brooklyn are cited as examples of public institutions moving into urban areas through mergers.

14 It is also possible that the mission may remove an institution from a consideration of merger as a viable alternative. This is illustrated by a recent merger attempt in Michigan. Citing its unique role for the people of Detroit, Marygrove College has recently withdrawn from a plan to merge with the University of Detroit and Mercy College [Marygrove Withdraws, 1990]. West [1980] argues that if the distinctive quality of the institution's mission is declining in importance and the environmental setting has low potential, then closure rather than merger is almost inevitable.

15 To this definition, Cannon [1983] adds arrangements where institutions create subcolleges within a large organization. Under this arrangement, the subunits share resources, lower operating costs and reduce areas of duplication while gaining greater identity and autonomy in terms of name, programs, faculty and facilities. The Cluster Colleges of Claremont College in California are an example of federation. Each college is autonomous, but they share many academic programs and facilities and have a centralized planning and coordinating mechanism.

CHAPTER 2

REASONS FOR THE MERGERS

The literature identifies financial exigency, greater coordination, previous cooperation, program changes and quality improvement as reasons why institutions merge. By analyzing the 18 case studies (listed in Appendix A), it is possible to identify certain pressures on the institutions that underlie the reasons for a merger. For the private institutions, the pressures include trying to maintain a particular purpose in the face of changing conditions. For the public institutions, there is the pressure from external bodies for greater educational opportunity and accountability. These underlying pressures are identified and elaborated upon in the first two sections of this chapter, one dealing with private institutions and the other public institutions. Important distinctions are then presented when this analysis is compared with the literature. The chapter concludes with an interpretation of the findings that identifies common elements and a fundamental tension between forces for change and stability.

Financial Exigency in the Private Sector

Seven of the mergers studied involved private institutions. In all cases, one of the partners faced financial exigency so severe that a merger was the only viable alternative to closing.[1] In addition to being private institutions, each college shared other characteristics--low enrollment, limited programs, small endowments and management difficulties--all of which contributed to their financial predicament. The case of Milwaukee-Downer College is typical of the others and will

be briefly described to illustrate the crisis and the causative factors that led to merger.

Milwaukee-Downer College was a small liberal arts institution for women that was experiencing serious financial difficulty for a number of years. Over those years, the college incurred increasing deficits due mainly to declining enrollments. The loss of students was primarily due to the college's steadfastness to remaining a liberal arts college and a single sex institution in spite of changing market demand. This situation was exacerbated by competition from a nearby rapidly expanding public institution, the University of Wisconsin-Milwaukee. The main response of the president and trustees to mounting problems was to change admission plans and staff and to increase fund-raising activities. When these attempts failed to solve the problem and the college's small endowment was being eroded, the trustees faced a major financial crisis. Rejecting the alternatives of coeducation and interinstitutional cooperation with the nearby public university, the trustees decided to sell its property to the public university and merge with another private institution in order to avoid dissolution.

The situation of the other six private institutions involved in this study is much the same. Names, places and some details change, but the central theme of financial stress resulting mainly from low enrollment remains the same. In analyzing the data of these mergers, two additional significant factors stand out. The first factor involves problems within the administrative sphere. In most cases, fiscal management and decision making left something to be desired. At Milwaukee-Downer, the trustees did not exercise budget authority to

avoid deficits [Howard, 1980]. This was also true at Parsons School of Design where Levy [1979] describes the trustees as sanguine concerning deficits and concludes that rudimentary principles of management and solutions to financial problems seem to have been ignored. Management problems at Barrington College took the form of a leadership vacuum created by five different chief executive officers in a span of seven years prior to merger [Winfrey, 1989]. Detroit College of Business was denied accreditation just prior to seeking merger because its planning process was not continuous nor related to budgeting procedures [Brown, 1987].

A second significant factor which led these private institutions to merger was the presence of a steadfastness of purpose. This took different forms at the various colleges. For Barrington College and Western College, it manifested itself in faith in the deity to deliver these quasi-church related institutions from their financial difficulties so that their specialized mission could continue. New College and Milwaukee-Downer College consistently refused to change their high cost, low demand program in order to continue their special contribution to higher education. Parsons School of Design rejected establishing a Bachelor of Fine Arts until it was too late to save itself financially because the program might dilute its current curricula. In the end, all seven institutions selected merger over dissolution in order to try to continue their heritage and specialized mission. This is made very clear in the Barrington College merger where Winfrey [1989] concludes:

> Certainly if Barrington could find another institution of a similar philosophy willing to enter into a merger agreement, then the mission of the college could continue to be fulfilled. Indeed, closing the college would have meant that Barrington's mission would have ceased to exist as an option for like-minded individuals considering attendance at a higher education institution. [pp. 251-52]

There is a certain irony that the very steadfastness which contributed to financial difficulty became the motivation to accept a merger and reject dissolution. This steadfastness of purpose will also play a role in the process of merger to be discussed in Chapter 3. The question of whether these institutions were successful in perpetuating their mission will be examined in Chapter 4.

In some of the cases, internal financial problems were exacerbated by external forces over which the institution had no control. Competition for students brought about by rapidly expanding public institutions in the same locality as small private institutions contributed to the decline in enrollment driven revenues for at least two institutions involved in this study. For Milwaukee-Downer College, the nearby University of Wisconsin-Milwaukee with its lower cost and program variety seriously competed for students and eroded the college's local base, forcing it to seek out-of-state students. For Owen College, the impact of the expansion of the Tennessee community college system was more pronounced. The president of Owen is quoted as succinctly describing the expansion as "the death knell of Owen College, because we will not be able to compete...at the operational level or at the capital level" [Searcy, 1981, p. 54].

Given the very grave financial condition of these seven colleges, why would any other institution enter into a merger with them? Two

case studies may give some insight on this question. New School of Social Research, a private liberal arts institution, was sought as a merger partner for the troubled Parsons School of Design. Although Parsons had no endowment, owned no buildings and possessed insufficient funds to finish the fiscal year, New School agreed to a merger. The administration of New School was in an expansion mode and viewed merger with Parsons as an opportunity to expand its educational and philosophical position, to become larger for optimum size for administrative efficiency and to diversify its programs to counter changing market trends [Levy, 1979]. Levy concluded that New School officials determined that Parsons' problems were administrative, not educational, and could be solved by tuition increase, cost reduction through consolidation, and increased fund-raising from professional and industrial ties which New School did not have. The attractiveness of Parsons is underscored by New School's rejection about the same time of a merger offer from Mills College of Education. The administration of New School judged Mills to be not viable financially nor educationally [Levy]. Clearly New School saw a financial gain in incorporating Parsons' programs into its offerings.

A similar gain was the motivation for Miami University (Ohio), a public institution, to take over nearby Western College, a private institution in severe financial difficulty. According to an analysis by Kennedy [1975], Miami saw an opportunity to increase its book value by obtaining Western's land and buildings at a bargain price. It feared that if Western went into bankruptcy, its land would be put to undesirable use. Also, the merger would generate additional revenue

from the state and students. Aside from direct financial gain, it was thought that Miami's national reputation would be enhanced by providing a model for the taking over a small liberal arts college. The only educational gain identified by Kennedy was that Miami would diversify its curriculum by incorporating a program for testing innovative ideas. For Miami, the main gain was directly financial.

Further insight on why an institution would enter into a merger with a troubled institution can be gained from a study conducted by Deubell [1984]. Based on a survey of educational leaders, he concluded that few problems will deter merger on the part of a healthier institution when it recognizes that a long-term need will be met and a type of economy will be gained. The existence of high fixed cost was identified as a major impediment to a merger. Of the fourteen major impediments identified by the respondents, eleven dealt with economic factors.[2] The remaining three issues dealt with quality (accreditation, image and retrenchment affecting quality). The financial factors which create problems for an institution may very well hinder its efforts to obtain a satisfactory remedy through a merger.

Public Policy Issues in the Public Sector

In examining the case studies of the mergers of public institutions, it is clear that the reasons for merger are far more complex than the financial exigency that propelled the mergers of private institutions. Part of the reason for this is the added involvement of coordinating boards, legislators and governors in the decision-making process. The political system within which public institutions operate contributes an extra dimension that private

institutions do not have to contend with. Even though public and private institutions share the common educational goal of the advancement and dissemination of knowledge through instruction and research, how they administer the process differs greatly. Public policy addressing issues of educational opportunity, efficiency and accountability which influences public institutions is in sharp contrast to the independence of action afforded trustees and presidents of private institutions. The ultimate locus of control for a public institution is external to the campus, whereas in the private sector it is internal to the institution.

Public policy issues certainly played a pivotal role in effectuating the mergers of public institutions examined in this study.[3] The desire of public officials, external to the institution, to increase efficiency and expand educational opportunity by merging public institutions is distinctly different than the merger motives of private institutions facing financial exigency. A description of the much studied merger creating the University of Wisconsin System [Carothers, 1974; Heim, 1976; and Buchanan, 1977] is presented to illustrate the role of public officials and their use of a merger to attain both efficiency and expanded educational opportunity.

Prior to 1971, Wisconsin had two separate university systems--the University of Wisconsin system and the State University of Wisconsin system. Each system had its own board of trustees and a number of campuses located throughout the state. During the period 1897-1969, merger bills were introduced in 23 of the 38 legislative sessions held during that period [Carothers, 1974]. The only two bills to pass created a coordinating board and staff

with limited powers. The pattern of external political involvement was well established when newly elected Governor Patrick Lucey filed legislation in 1970 to merge the two systems. In introducing the legislation, Lucey focused on efficiency and egalitarian aspects of educational opportunity [Heim, 1976]. The efficiency to be gained from merger would be the limiting of unchecked competition between the two systems and the saving of administrative funds by consolidating three boards and staffs into one [Heim]. The governor's emphasis was not so much on saving money but on the maximum utilization of funds to ensure the highest quality [Carothers]. This led to his other stated motivation to end the inequities in funding between the two systems and to abolish the discrimination between the two degrees [Carothers]. The first objective actually stated in the bill dwells on this egalitarian aspect: "A unified system of collegiate education will foster greater diversity in educational opportunity..." [Buchanan, 1977, p. 2].

To understand why a merger would redress the problems of inefficiency and inequity, the causative factors need to be examined. Certainly the rapid growth of both systems with new campuses being added during the period 1950-70 led to competition and duplication [Buchanan, 1977]. As indicated by Buchanan, every four-year institution in the state wanted to be like the University of Wisconsin-Madison. She described the two systems as having a "long history of internecine warfare" [p. 1]. In an attempt to control this situation, elected officials created a coordinating board several years before merger took place. This action failed to solve the problem because the board had no real power to enforce decisions, no constituency, and a

membership drawn from the two systems [Buchanan, 1977]. Faced with continuing rivalry and spiraling costs, elected officials turned to merger as a solution to inefficiency and inequity.

All three case studies on the Wisconsin merger clearly indicate that the governor provided the impetus for the merger proposal. With the merger proposal coming from an external source, what was the reaction from the higher education community? Carothers [1974] reported that most of the higher education establishment was against merger. He identified the concern of opponents that the merger would homogenize the system by leveling peaks of excellence and destroying diversity. The University of Wisconsin-Madison faculty feared the deterioration of quality, loss of prestige and faculty control, and infringement of academic freedom. Opponents within the State University system claimed that the merger would lead to a deterioration of teaching excellence within the system. The loss of special missions of individual campuses and local autonomy were also identified as concerns.

Given this division of the governor proposing the merger in the name of equal opportunity and efficiency and the higher education establishment opposing it on the grounds of autonomy and excellence, the legislature was faced with the final decision. Would it vote the merger down as it had done so many times before? Heim [1976] in his detailed study of the legislative deliberations on the issue sheds some light on why the merger bill passed. First and foremost he credits the governor's initiative, perseverance and judicious use of power and influence as a key reason for passage of the bill. Members of the legislature saw the merger as a way to eliminate dickering between

the two systems, to lessen competition and the lobbying for funds, and to establish better legislative control. Their displeasure with the performance of the coordinating board was also a factor favoring the merger.

Circumstances in the state and on the campuses also created a favorable environment for the merger in the minds of the legislators. Heim [1976] maintains that conservatives did not like the University of Wisconsin-Madison because of the riots, demonstrations and permissive attitudes toward radicalism. Carothers [1974] identifies a commitment to, and emphasis on, austerity coupled with rapidly rising budget requests as contributing strongly to merger. He also cited the pragmatic reality that campus unrest cost the University of Wisconsin political clout and public support. Because of little public interest in the merger, he concludes that the issue was of little interest to legislators. Passage of the merger bill would not raise the general public's ire. Buchanan [1977] found general public indifference to the specific issue of merger, but a desire on the part of citizens to save money. Perhaps this influenced Governor Lucey's statement at the passage of the implementation bill that the merger not only meant better education but savings for each taxpayer.

Further insight on the dichotomous relationship between external and internal positions on merger of public institutions can be gained from Zekan's study [1990] of four mergers that took place in Massachusetts.[4] In the Southeastern Massachusetts merger, the then Governor Foster Furcolo wanted the merger, according to Zekan, in order to provide greater educational opportunity and increased access in a neglected area of the state. The two

institutions to be merged opposed the legislation, favoring instead individual expansion. Likewise in the Lowell merger, neither institution vigorously supported the merger proposed by a local legislator. The goal, as stated in the merger bill introduced by the legislator, was to expand educational opportunity. In the Boston State and UMass, Boston merger which was opposed by both institutions, especially the former, the legislature and governor were the prime movers. The motivation for the merger on the part of these elected officials was the diminished reputation of and declining enrollment at Boston State, state revenue problems, a desire for greater efficiency, and the elimination of program redundancy. The impetus for the Blue Hills/Massasoit merger came from the local communities which funded Blue Hills. Due to tax ceiling legislation, these communities could not afford continued funding.

In analyzing these mergers, Zekan [1990] concluded that public policy and not institutional primacy was the major impetus. He points out that the merger of public institutions creates a situation where issues of institutional autonomy and public policy meet. In the four mergers he studied, the desire to advance the standing of public higher education by providing greater educational opportunity as defined by elected public officials prevailed over the accommodation of individual concerns of the various institutions. With the exception of the Blue Hills situation, he further states that financial consideration was not a direct cause but rather an opportunity to enact public policy. This certainly is in sharp contrast to the role that financial exigency plays in the merger of private institutions discussed in the beginning of this chapter.

From Zekan's [1990] analysis, one could conclude that the public officials possessed the high ground of espousing access and expanded educational opportunity for the citizens of state in contrast to the parochial and self-serving position of the institutions. This certainly is a role reversal of how many educational officials view their stance on issues in general. The motivations of public officials, however, need additional examination. Returning to the studies conducted on the Wisconsin merger, evidence of possible other motivations on the part of public officials may be found. Some observers claimed that Governor Lucey proposed the merger to divert attention from a taxation issue, to help win re-election, or to gain immediate control over the governing board by new appointments. Legislators were interested in the merger in order to increase legislative control and to eliminate competing lobbying efforts [Heim, 1976]. For elected officials, it is quite possible that increased educational opportunity and efficiency sought through a merger are euphemisms for increased control and the self-serving motive to remain in office. It may very well be a case of public policy tempered by power principles and pure political pragmatism.

The theme of public policy considerations and impetus for a merger from elected officials is also found in consolidation efforts in Washington, D.C., Arkansas, and Oregon.[5] The Congress of the United States played a major role in merging three institutions in the nation's capital [Dilworth, 1981]. Cited reasons for the merger included a low level of cooperation, a need for coordination, elimination of program duplication, anticipated financial stress and equal educational opportunity. In Arkansas, the legislature initiated and passed merger

legislation creating the University of Arkansas at Pine Bluff without consulting the institution [Neal, 1978]. The stated reason was to streamline budget procedures and restore the institution to financial solvency. The merger of schools of education in the Oregon system was the direct result of political pressure from the state legislature because of revenue reduction [McMahon, 1984].

Another example of public policy issues playing a significant role was the proposed merger that did not take place between the University of Maryland Eastern Shore and Salisbury State College. Both institutions are publicly supported, located 12 miles apart and offer basically the same programs. Salisbury was much smaller and had a predominately white student body. Eastern Shore was a predominately black institution. Proponents for the merger held that it would expand and diversify educational opportunity, be more economically efficient and result in a biracially constituted institution. In his study of the proposal, Richardson [1976] concluded that the merger would not yield significant savings or a lower cost per student. Economies of scale would not take place because both campuses would still have to be operated resulting in few fixed cost items being eliminated. Richardson suggests that although the merger would eliminate program duplication and provide greater breadth, depth and diversity in the curriculum, cooperative arrangements could produce the same results. Using the merger to accomplish the public policy objective of desegregation is also questioned by Richardson. The merger would mean the dissolution of Eastern Shore as a black institution with the possible resulting loss of a supportive environment for minorities in the state.

Within the group of public mergers studied, there is an exception to the pattern of external public policy impetus. A study by Greider [1988] of the merger of three municipal institutions with their respective state systems reveals that financial stress was the impetus for these institutions to seek a merger.[6] In each case the local municipality had too small a tax base to support the institution. Although his case study dealt with only three of these mergers, he reported that 14 out of a total of 15 municipal institutions became part of state systems between 1962 and 1985. In his case studies of the three, the institutions viewed a merger as the only solution to funding problems. Even though the representatives of these institutions were emotionally against a merger and realized the loss of autonomy in administrative matters, pragmatically they realized their survival required it. In this regard, these mergers are more similar to the merger of the private institutions in this study than to those of the public institutions. It is also interesting to note that in all three mergers, the local community was in favor of the merger because of the prospect of tax relief.

Comparison with the Literature

A significant difference that emerges when the reasons for the mergers in this study are compared with the literature is the sharp distinction which exists between the motivation for the mergers of public and private institutions. In the literature, this distinction is not always evident or addressed. Although mergers in both spheres result from severe pressure, this study indicates that the mergers of public institutions resulted from external public policy decisions to expand

opportunity and increase efficiency, whereas in the private sector, the reason was financial exigency due to internal problems.

What little attention is given in the literature to the reasons for the mergers of public institutions usually addresses financial issues tied to the lack of coordination between institutions. This study finds that public policy initiatives are a cause of public mergers. The failure of coordinating boards and institutions to effectuate efficiency, eliminate duplication and establish accountability has contributed to the initiation of the mergers by public officials. The desire of elected officials to expand educational opportunity for their constituencies and to gain more control over the educational enterprise has also played a role. Of course, the practical political consideration of staying in office and power enhancement have also probably been present.

In the literature, the support of a merger by the governor of the state has been identified as an important and pivotal factor in effectuating merger. This study not only substantiates that contention, but indicates the significant role played by governors in initiating the merger proposals. This key role of the state's chief executive was illustrated in the mergers that took place in Wisconsin and Massachusetts. The role of constituent groups in mergers has also been identified in the literature. One prediction concerning constituents may have to be modified. Some claim that the mergers of public institutions may be rare because constituents will go to an extreme to stop them, thus making the political cost too high. In the Wisconsin and Massachusetts mergers, several factors were present that either overcame strong opposition or prevented it from forming. These factors included public reaction to high taxes, economic

downturn, disenchantment with actions of faculty and students, and the desire to attain a greater common good. It is also possible that the reduction in state funding for public institutions, a public policy act, could force institutions to initiate mergers on their own in order to enhance their standing and funding. This approach would definitely diminish the possibility of constituent groups blocking the merger. It is possible that a merger could produce a larger and more powerful lobbying group of citizens and politicians for the combined institution.

One area where constituent groups may in fact be very active in blocking a merger is in those states where it may be used to integrate campuses. The literature indicates that courts have ruled that merger is a viable strategy to accomplish desegregation. In the case study of the proposed Maryland merger, evidence is presented that blacks may be opposed to losing their identity with an institution especially when benefits can be obtained through other means, such as institutional cooperation.

For private institutions, this study substantiates the contention in the literature that financial exigency is the essential motivation for a merger. In each case study, the merger was consummated as the only alternative to closure. It allowed trustees to salvage their responsibility to continue educational services and opportunities. This study also documents the literature's causative factors leading to a financial difficulty. They included small size, lack of economy of scale, little or no endowment, enrollment decline and poor management. The study goes beyond these findings by identifying the characteristic of steadfastness as apparently underlying the causative factors leading to a merger and the choice of a merger over closure. This inability to

change and adapt takes the form of trying to preserve the heritage of an institution and its specialized mission.

In the literature, geographical location, previous cooperation, program changes and quality improvement were identified as contributing factors to a merger. The analysis of the case studies indicates that these factors were secondary and played a limited role. Most of the institutions sought a merger partner within close proximity which would allow for the continuation of their programs and/or special mission, with the latter consideration being more important. This was illustrated by Milwaukee-Downer choosing to merge with another private institution rather than with the public one that abutted its campus. In some of the mergers, quality improvement was mentioned, but usually in the context of making the merger more palatable for faculty, students and other constituent groups. In the cases studied, previous cooperation was either non-existent or limited and not a major factor.

There is little mention in the literature of the reasons why an institution would merge with one that is experiencing financial difficulty. The general position put forth in the literature is that there must be an enormous advantage for the stronger institution to accept a troubled partner. This study gives further insight to the reasons. In examining the cases, financial gain appears to be the significant advantage for the stronger partner. It takes many different forms. For some, it involves the expansion of complementary programs for a stronger market position. For others, it is an opportunity to expand facilities at bargain prices. For still others, it is an opportunity to

lessen competition, eliminate duplication and increase revenue as a result of a larger enrollment.

The conventional wisdom stated in the literature is that two troubled institutions should not merge. The reasoning is that this would only compound the problems and lead to the failure of the merged institution. Two case studies present exceptions to this rule. In the Barrington/Gordon merger, Barrington College was in a difficult financial position. Although Gordon was in a better position and operating with small surpluses, it shared some of the same factors contributing to Barrington's problems. The merged institution, however, is a viable entity 6 years later. In a similar matchup, Owen College and Lemoyne College both had financial difficulty. Their tenuous financial status, both present and future, was the critical force behind the merger. The combining of their assets has resulted in an institution which is still in existence 23 years after the merger.

The literature also indicates that institutions with complementary rather than duplicate programs are better suited to be merger partners. Two mergers in this study, however, illustrate the feasibility and viability of merging similar institutions. Both Barrington College and Gordon College shared a common heritage and mission but with a degree of program differentiation. The program differentiation was actually viewed as an impediment by Gordon, the stronger of the two institutions. The merger, however, provided an opportunity to attain an economy of scale and establish a financially stable Christian college in the face of financial realities and demographic forecasts [Winfrey, 1989]. For two very similar business colleges in Michigan, Detroit College of Business and Davenport College, a merger provided an

opportunity to eliminate competition for students, to consolidate admissions and other services and to strengthen financial stability. The merger also united under one administration, campuses located in the eastern and western parts of the state.

Merger Motives Interpreted

As described in this chapter, the decisions to enter the mergers were made for pragmatic reasons by individuals and groups in positions of authority. For the private institutions, the main motive of presidents and trustees was to alleviate financial exigency. In the public sector, the principal reasons were to increase educational opportunity, accountability and efficiency as defined by various government officials external to the institutions.

The merger decisions can also be viewed as being made by the hierarchy of a bureaucratic organization. The decisions were based on facts and purely objective considerations as viewed by the hierarchy. For the private institutions, the hierarchy determined that the financial situation was such that the organization could not continue to survive as presently constituted. Based on financial reports supplied by senior financial administrators or consultants, the rational solution was to either close or try to continue some vestige of their tradition through a merger with another institution. In the cases involving public institutions, the governmental hierarchy made judgments based on reports/studies or personal conviction as to the need to expand educational opportunity for social, political and economic reasons and/or to increase efficiency in the face of declining state revenues.

The decision of the hierarchy to enter a merger committed the institutions in this study to probably the most drastic change in their

histories. Their decision brought to the fore a fundamental tension that exists in organizations. According to Lewin [1952], there exists forces for change and forces for stability and equilibrium within any system. In examining the motives for the mergers considered in this study, this tension between change and stability manifested itself in different ways.

For the private institutions, there existed the tension between the administration's steadfastness in maintaining a tradition on the one hand and the rapidly shrinking financial resources resulting from enrollment decline and other environmental factors that warranted fundamental change on the other. For the public institutions, the tension was between external public policy initiatives to increase opportunity and efficiency as opposed to the internal community's desire to maintain traditional academic pursuits. This is a classic example of the public's desire for change conflicting with traditional academic interests. Within this context, both the public and private institutions involved in the mergers found themselves reacting to change rather than actively managing or directing the tension between the two fundamental forces. This will be addressed in more detail in the final chapter.

Although the findings in this chapter present different reasons why public and private institutions merged, they do share some commonality. Bolman and Deal [1984] state that in the political perspective, organizations are viewed as "arenas of scarce resources where power and influence are constantly affecting the allocation of resources among individuals or groups" [p. 5]. This approach holds that organizational change is always political in that it involves the

pursuit of self-interest and power. The political elements of power, self-interest and scarce resources were all present as motives in the mergers studied.

In the mergers involving both public and private institutions, the use of power was evident. The dominant group in the mergers involving private institutions, trustees and presidents, used their positions and fiduciary responsibility in reaching the decision to merge. In the public sector, government officials exercised their power of control over the educational enterprise. In both instances, the authorities had access to the power of position in reaching the decision to merge. From a political perspective, these groups are only one of many contenders for power. As the process of merger unfolds, other constituent groups seeking power will emerge. This will be discussed in the next chapter.

In examining the motivations for the mergers in this study, a second element of the political perspective, the pursuit of institutional self-interest, is clearly present for both private and public institutions. For the private institutions experiencing financial difficulty, a merger was viewed as a way of perpetuating their heritage and specialized purpose. Self-preservation, albeit through a merger, is a fundamental manifestation of institutional self-interest. The dominant role of self-interest is also clearly evident in the motivation of the stronger partner in agreeing to enter a merger with a financially troubled institution. Financial gain resulting from acquiring students, programs or property at bargain prices is a strong motivational factor to promote an institution's self-interest. People who run institutions often find it

difficult to pass up an opportunity to improve the institution's financial position with a minimum investment.

In the mergers involving public institutions, self-interest manifests itself in a different way. In these mergers, the public policy initiative to increase educational opportunity and efficiency is contrasted with the individual institution's interest in preserving traditional academic values. The former group is motivated by pragmatic social, economic and political considerations. The latter group owes a particular loyalty to autonomy and academic disciplines and is motivated by the professional goal of the advancement of knowledge. In both instances, self-preservation plays a central role. For the politician, the fundamental truism is that to exercise power, one must continue to be elected. For the faculty member, one must publish for professional recognition and advancement.

A third major characteristic of the political view of organizations is the existence of scarce resources. The seven private institutions in this study were certainly motivated to consider merger because of financial exigency brought on by declining enrollments and other factors. The use of the merger alternative by government officials in the public sector to increase efficiency was certainly motivated in part by concern over the allocation of limited or declining state revenues.

From the political perspective then, the motivation for these mergers was to promote or protect institutional self-interest. Within this interpretation, the existence of scarce financial resources created the crisis that was the catalyst for the hierarchy to exercise its power to move the organization toward a merger. Some organizational theorists hold that crisis unfreezes an organization so that change can

take place. The degree to which these organizations were unfrozen and the congruency between the merger process and the political perspective will be examined in the next chapter.

Summary

The private and public institutions involved in this study entered their mergers for different reasons. For the private institutions, financial exigency exacerbated by management problems was the reason. For the public institutions, public policy concerns of expanded opportunity and accountability, as viewed by governmental entities external to the institutions, were the primary reasons. This distinction is not readily apparent in the literature. Also, exceptions to the conventional wisdom that two financially troubled institutions or those with similar programs should not merge have been presented.

The motivation of decision makers in both public and private sectors, however, share some common characteristics. In both categories, the decision makers, individuals and groups at the upper level of the organizational hierarchy, were confronted with the classic tension between forces for change and the forces to maintain the status quo within the organization. For the private institutions, this manifested itself in the desire to maintain traditional mission and programs in the face of shrinking resources. For the public institutions, the tension took the form of meeting external policy needs versus maintaining traditional academic interest.

From a political perspective, other common characteristics in decision making were identified. In both categories, the decision makers made use of the power of their positions in reaching the merger decision. The pursuit of self-interest was also present in both categories. In the private

sector, it took the form of the weaker partner seeking to perpetuate its tradition and the stronger partner seeking financial gain. In the public sector, the external entities were motivated by pragmatic social, economic and political considerations and the internal constituencies were motivated by professional academic concerns. Finally, scarce resources played a role in the decision making in both categories.

In the next chapter, the process that was utilized to consummate these mergers will be analyzed. The impact on the process of the forces and factors identified in this chapter will also be examined.

Notes

1 The mergers involving private institutions included in this study are:

1. Barrington College and Gordon College (1985).
2. Milwaukee-Downer College and Lawrence College (1964).
3. Detroit College of Business and Davenport College (1985).
4. Owen College and Lemoyne College (1981).
5. Parsons School of Design and New School of Social Research (1970).
6. Western College and Miami (Ohio) University (1974).
7. New College and University of South Florida (1975).

2 The major impediments to merger identified by Deubell [1984, pp. 95-6] are in order of importance:

1. Declining enrollment and a high-tenured, middle-aged faculty.
2. Loss of accreditation.
3. Too many fixed-cost obligations, or adding new ones in the face of declining enrollments.
4. Deterioration of surrounding urban areas making campus less desirable.
5. Resident college in an isolated rural location without a strong image.
6. Antiquated and expensive physical plant, making it difficult to move good programs.
7. Non-existent or low level of reserves and endowment.
8. Repeated use of reserves for operating expenses.
9. Except for "elite" institutions, private tuition that exceeds nearby public college by more than $3,000 annually.
10. Inability to strengthen institutional image or carve out a new one.
11. Inability to raise tuition comparable to the cost of living for three conservative years.
12. Inability to make any principal payments on federally-financed buildings.
13. Retrenchment with quality deterioration.
14. Inability to reduce employment coincident with enrollment decline.

3 The mergers of public institutions included in this study are:

1. The University of Wisconsin System (1971).
2. Bradford Durfee College of Technology and New Bedford Institute of Technology into Southeastern Massachusetts University (1964).
3. Lowell State College and Lowell Technological Institute into University of Lowell (1975).
4. Boston State College into the University of Massachusetts at Boston (1982).
5. Blue Hills Technical Institute into Massasoit Community College (1985).
6. District of Columbia Teachers College, Federal City College and Washington Technical Institute into the University of the District of Columbia (1974).
7. Arkansas Agricultural, Mechanical and Normal College into the University of Arkansas at Pine Bluff (1972).
8. Proposed merger of Salisbury State with University of Maryland Eastern Shore (1976).
9. School of Education Oregon State University with the Division of Education Western Oregon State College (1982).
10. University of Louisville into state system (1970).
11. University of Omaha into University of Nebraska at Omaha (1968).
12. Wichita University into Wichita State University (1964).
13. Two unnamed public institutions (1975).

4 The four Massachusetts mergers are listed in Note 3, numbers 2, 3, 4 and 5.

5 The institutions involved in merger from these areas are listed in Note 3, numbers 6, 7 and 9.

6 The three municipal institutions are listed in Note 3, numbers 10, 11 and 12.

CHAPTER 3

THE MERGER PROCESS

Based on the analysis of the case studies, the merger process moves along a continuum from the decision to seek a merger to the negotiation of specific issues leading up to the actual merger agreement. Typically these issues include the transferring of programs, employees, students and assets as well as preserving in some form the identity and heritage of the partners.

This chapter will focus on the various tensions that affect the process as institutions move from initiation to the final merger agreement. During this process, the dominance of one partner over the other will be presented as a significant factor affecting the merger. How the dominate-subordinate roles during the process are related to the reasons for the merger of institutions will also be examined. Findings concerning how consultation, conflict resolution, organizational structure, planning, leadership and legal considerations affect the process will also be presented. They will be compared throughout the chapter with the literature. The chapter concludes with interpretations of the process from a political perspective that provides an explanation of the documented conflict.

The Dominance Factor

In the previous chapter, the clear distinction that exists between the reasons for merging public and private institutions was identified as a major finding. In examining the process utilized to effectuate these mergers, a common characteristic emerges that has no relationship to the private/public status of the institutions involved. The pattern of one partner playing a dominant role in the process was

present in mergers between private institutions, public institutions and the combination of the two. This dominance by the stronger partner played an important role in the negotiation between institutions leading up to the consummation of the merger agreement. One case will be described to illustrate the various ways that this phenomenon affects the process.

Western College sought a merger with Miami University to solve financial problems and to continue its identity as a residential college of Miami. At the outset of negotiations, the faculty of Western was euphoric with the prospect of continuing the college identity and their own employment through a merger [Kennedy, 1975]. Their euphoria was short-lived. From the outset, Miami resisted the incorporation of Western faculty and questioned the viability of its program. In a memorandum of understanding outlining general points approved by both governing boards, Miami made no commitment to continue faculty, staff or programs of Western after a transitional year. Although the terms of this memorandum clearly favored Miami, Kennedy reported that the president of Western had faith in the president of Miami that future negotiations would be favorable to Western. The fact that Western was in a deep financial crisis most likely played a principal role in its board accepting the initial terms favorable to Miami.

Following the memorandum of understanding, Miami's dominance continued when it unilaterally requested input from its community on how best to utilize Western and appointed a planning committee which did not include any representatives from Western. This created tension between the two institutions, aroused antagonism

among Western faculty and all but ended the spirit of cooperation [Kennedy, 1975]. The mind-set of Miami is illustrated by comments of its chancellor: "Western is going out of business; how we use it is up to Miami" [p. 91]. Faculty members of Western were not included on the committee because of Miami's position that it would be funding the program and therefore Western should have no say in the matter. In addition, it was held that Western faculty would push for academic programs that Miami believed would be weak educationally and unsound financially. By the time the committee began to develop recommendations, Kennedy found that "frustration, disappointment, anger and animosity against Miami were prevalent attitudes among members of the Western community" [p. 106].

The planning committee's recommendation to make Western a liberal arts/interdisciplinary college was approved by Miami's senate and board of trustees. The faculty of Western was against the liberal arts proposal but for the interdisciplinary college proposal. Western trustees objected to the type of degree to be awarded to students in the new college and to the lack of a tenure provision for faculty. While Miami was debating what to do with Western from a program standpoint, negotiations on legal and financial issues were going smoothly and culminated with the selling of property, buildings and equipment. The transfer of programs, personnel and students continued to be controversial and to be dictated by Miami. At the conclusion of the transitional year, Miami decided to offer a freshman program that would bear the name Western. It would only give first consideration to Western faculty who applied for any Miami vacancies. Only a small number of faculty

members were hired. Miami would also accept Western students as transfers. Only 50 students were interested.

What started out as a desire of Western to provide for the continuance of an innovative undergraduate liberal arts experience, ended with virtually no continuity. This resulted from the dominance of the process by Miami. This process is accurately described by the president by Western: "the whole negotiated process...as far as Western was concerned, moved from affiliation to acquisition" [Kennedy, 1975, p. 156]. How did Miami come to dominate the process? Certainly the fundamental factor that facilitated Miami's dominance was the financial condition of Western. The financial exigency, which drove Western to seek a merger in the first place, also placed it in a weak negotiating position. If any vestiges of the institutions were to continue, Western needed Miami more than Miami needed Western. Because of its weak negotiating position, Kennedy concluded that Western could not control merger issues, but only react to Miami's initiatives.

In analyzing Western's approach to the process, additional factors that contributed to exacerbating its weak bargaining position can be identified. The strategy of dividing negotiations into two separate stages, legal/financial aspects first followed by program/staff continuation issues, seriously weaken any bargaining position it had. This conclusion can be supported by Kennedy's [1975] assertion that for Miami, Western's program and faculty were not attractive. Perhaps Western's leadership was lulled into the two stage approach by public statements from Miami's leadership. Kennedy observed that "the sensitivity of the negotiations process and the political

maneuvering necessary to achieve merger within the public sphere seem to create a negotiations climate where public statements can not be equated with true motivations" [p. 188].

In addition to Western's naivete as to Miami motives, the negotiators for Western did not employ any specialist in legal or merger matters in the early stages of negotiations. This was in contrast to Miami which had an array of specialists who orchestrated the process. The lack of professional help, naivete as to Miami's motives and, most of all, financial crisis all combined to place Western in a position to be dominated by Miami. The end result was that Western bargained away any chance of preserving some or all of its program and staff in exchange for one year of financial solvency. Based on his analysis of the merger, Kennedy [1975] draws two major conclusions regarding the process: leaders should recognize the natural adversarial position that develops during negotiations regardless of trust and they should assess strengths and weaknesses, motivations and perspectives of both parties.

Although the other cases involving private institutions examined in this study do not address the merger process as extensively as the Miami/Western case, evidence of the financially stronger partner dominating the other is present in many of them. In the Parsons/New School merger, the board of trustees of New School, the financially stable partner, voted the merger with Parsons only on the condition that Parsons would cover its own operating deficit through fund-raising. In the Milwaukee-Downer/Lawrence College merger, the stronger position of Lawrence College forced Downer to accept the naming of a paper college for Downer rather than changing the name

to Lawrence-Downer College. Although financially troubled, Owen College was able to gain a hyphenated position in the new name of the merged institution, LeMoyne-Owen College, due to the transferring of its endowment. It was not able, however, to negotiate successfully the transfer of its main program, business and secretarial science. All these examples support the contention that the buyers of financially distressed institutions were in a position to dominate negotiations.

Even when negotiations took place with a spirit of mutual trust, the dominance by one partner was still evident. In the Barrington/Gordon merger, the institution in the stronger financial position, Gordon had the final say in determining program and faculty transfer. Several Barrington programs were not continued by the new institution and only four faculty members actually transferred to the new institution, located on the Gordon campus [Winfrey, 1989]. In addition, during the negotiations on the name of the merged institution, Gordon's dominant role is evident. Barrington College wanted a hyphenated name, Gordon-Barrington College. Gordon College did not. The final compromise favored Gordon and resulted in a cumbersome name--Gordon College: The United College of Gordon and Barrington.

There is one outstanding exception to the pattern of financial exigency creating a weak negotiating position that results in a substantial loss of identity or continuity for the private institution. In the merger of New College with the University of South Florida, New College was able to continue its unique curriculum and identity by becoming an honors college within the University's structure. As a result, most faculty and students were retained [Reed, 1978].

Although it was facing a financial crisis as severe as the one confronting Western College, New College was able to negotiate a unique arrangement regarding the funding of the honors college. The merger agreement provided for the creation of a foundation, made up of former New College trustees, that would raise money for the college over and above state appropriations. If the foundation were unsuccessful in raising its share of the budget, the provision of the merger agreement to continue the college's academic program would be nullified. The agreement also provided that New College faculty would keep their tenure only within the honors college. Although New College shared the same financial difficulty as other private institutions in this study, it avoided dominance by the stronger partner and was able to retain its identity and ensure its continuity through an innovative financial arrangement.

In analyzing the mergers between public institutions, the dominance factor was also present. In contrast to financial exigency determining the subordinate partner in the private sector, reputation and power determined the dominant partner in the merger of public institutions. The merger of Boston State College and the University of Massachusetts, Boston in 1982 is a prime example.

With the Commonwealth of Massachusetts facing financial difficulties, the funding of two public institutions of higher education within the City of Boston became a concern for legislators and the state board of regents. After a series of political moves, funding for public colleges in the Boston area was substantially reduced in the state budget. Prior to this funding crisis, Boston State "suffered from a diminished reputation and it compared poorly to the new and

growing" UMass, Boston [Zekan, 1990, p. 53]. When the decision was made by the political and educational leaders to consolidate institutions, the size and prestige of UMass, Boston placed it in a dominant position over Boston State. According to one Boston State leader, UMass, Boston took the position that the merger should be "dictated and governed by the University. UMass Boston would take whatever programs and personnel it wanted and needed" [Zekan, 1990, p. 77]. This is consistent with the remarks of a former president of UMass who stated that once merger became inevitable, "the strategy then became how to help UMass Boston come out of the situation stronger and to avoid those compromises that would diminish its stature" [Zekan, 1990, p. 73].

A second example of one partner dominating the other in the merger of public institutions is documented in Cannon's study [1977] of two unnamed institutions, Eastern State College and Eastern Technological. In this particular merger, what started out to be a marriage of equals, ended up with State Technological dominating the process. Based on a consultant's recommendation, legislation was passed in 1973 that mandated the merger and established a planning board to coordinate and implement it by 1975. Initial deliberations addressed issues of equality, continuity and fair representation. According to Cannon, Technological appeared to want a dominant role and State College wanted equal an role. Several actions indicate Technological's dominance. The newly created board for the merged institution appointed Technological's president as its interim president. Eventually, most top administrators were also from Technological.

Due to funding difficulties, the lower pay scale for State College faculty continued after the merger. The dominant role played by Technological can be traced to the fact that prior to the merger, it was larger in size and staff and had a better budget, working conditions and organizational structure. In the perception of the former State College employees, what started out as a consolidation merger actually ended as an acquisition by Technological.

Another example of dominance is presented in the Wisconsin merger. The size and reputation of the University of Wisconsin-Madison enabled it to play a dominant role in the merger of the two university systems. During deliberations on the merger implementation bill, the central administration of the new system, composed mostly of Madison administrators, successfully lobbied for provisions that would not significantly alter their status or power as the University's primary administrative unit. According to Heim [1976], some of those involved thought that to tamper with the governing structure of the prestigious University of Wisconsin-Madison would ultimately lead to a decline in quality. On tenure and faculty status policies, the less prestigious Wisconsin State University lost out as the implementation bill adopted basically the University of Wisconsin-Madison policies. This turned the State University Faculty Association against the implementation bill [Buchanan, 1977]. Some even feared that Madison would so dominate the new system that campuses would be closed to support the flagship campus [Carothers, 1974]. Because of this fear, local autonomy and campus mission became main issues in the debate over the bill to implement this merger. These were the last strongholds for the State University

campuses against the dominance of the more prestigious flagship university.

A final example of dominance in the public sector involves the mergers of municipal universities with their state systems. When Omaha became part of the University of Nebraska system, its engineering department was centralized at the University of Nebraska-Lincoln. In addition, all administrative/budgetary matters had to go through Lincoln creating arguments over turf, funding and identity. In analyzing this merger and two other municipal mergers with state systems, Greider [1988] concludes that the urban institutions definitely developed a feeling of subordination to their flagship partners, producing a "stepchild" relationship. Prestige and power were obviously at work in these mergers.

As was identified in the previous chapter, the moving forces for the merger of public institutions were external to the institutions themselves. It is interesting to note that once some institutions realized that their merger was a fait accompli, they immediately took pragmatic steps to ensure that they would influence or dominate the negotiations regarding implementation. In the Wisconsin merger, the new board of trustees worked for successful implementation of the merger because of a very pragmatic reason--the merger was going to happen [Buchanan, 1977]. The faculty association of Wisconsin State University, which was originally for merger but initially against the tenure and status proposed in the implementation process, actively tried to amend provisions in its favor as the process unfolded [Heim,

1976]. It is also evident in the Boston State/UMass, Boston merger that when UMass, Boston realized that the merger was inevitable, it worked to gain the most advantageous position [Zekan, 1990]. In sharp contrast to this, however, is the position taken by the faculty at Boston State College. Evidently believing that the institution could not be closed, the faculty association opted to fight the merger rather than to gain some degree of control over the implementation of the merger with the University. By so doing, Zekan concludes that Boston State faculty lost an opportunity of negotiating a favorable settlement.

In the literature, the dominance factor receives scant attention except from Chambers [1981b, 1983]. The analysis of the case studies certainly supports her contention that what starts out as a consolidation of equals usually ends as an acquisition with one institution dominating. This dominance translates into radical change for the acquired institution. It also increases the degree of conflict between the merging institutions.

Conflict and Consultation

A second significant characteristic of the merger process that emerged from the analysis of the case studies is the degree of consultation with constituent groups employed by the decision-makers at the involved institutions. It ranges from virtual secrecy from the faculty, students and public to extensive involvement of representatives of the academic community in the process. In the mergers involving private institutions, secrecy was employed in both the initiation and implementation stages. In almost all cases involving public institutions, varying degrees of involvement of constituent

groups were present in the negotiation stages leading to the implementation of the mergers.

In the mergers involving private institutions, virtually all of them kept deliberations secretive during the initial stage of the process. The financial exigency facing these institutions played a role in their decision not to involve faculty or students in the deliberations. At Milwaukee-Downer College, for example, the chairperson of the board of trustees remarked that if faculty and students were involved, decisions would be "inhibited by more varied opinions...they would have prevented a quick decision. A matter of this sensitivity could not be handled by referendum" [Howard, 1980, p. 159]. All details of the merger in this case were agreed to by the two institutions with such a high degree of secrecy that when the announcement of the merger and its details was made to staff and students of Milwaukee-Downer, absolute surprise and shocked disbelief were expressed. Howard concluded in his study that secrecy enabled the institution to act expeditiously but at a price--it limited the information available to trustees and produced a negative effect on the college community. In the Parsons/New School merger, the faculty of both institutions were unaware of the financial crisis and uniformed concerning the merger negotiations. The administration of New School defended the lack of consultation on the grounds of time constraints and the desire to prevent lengthy and involved debate [Levy, 1979]. The same approach existed at Western and Miami during the initial negotiations concerning their merger.

The fears expressed by decision-makers in the above cases are validated to an extent by what happened in the Barrington/Gordon

and LeMoyne/Owens mergers. In both of these mergers, the institutions involved their constituencies very early in the process. This did result in opposition groups forming to block the merger. At Barrington College, a group of alumni formed in an attempt to buy the campus. This led to an acrimonious debate within the Barrington community [Winfrey, 1989]. In the LeMoyne/Owen merger, LeMoyne alumni resisted the merger on the grounds that the institutions were not equal and would result in a loss of prestige for LeMoyne. Owen students demonstrated against the merger and the faculty asked that it be postponed [Searcy, 1981]. Despite opposition, however, both of these mergers were consummated.

In contrast to the secrecy and lack of consultation that marked the merger of private institutions, the mergers of public institutions were characterized by openness and involvement of constituent groups during the implementation stage. Commissions, task forces and committees were widely utilized to negotiate issues involving the status of programs, staff and students. As was shown in the previous chapter, the impetus for merging public institutions in this study came from sources external to the institutions. This most likely led to the involvement of constituent groups in order to resolve the inevitable resistance and conflict that would result from an external initiative. The Wisconsin merger is a case in point.

In the Wisconsin system merger, the bill that authorized the merger did not address any of the issues that would have to be resolved in order to implement the consolidation. The bill created an implementation committee and charged it with producing a bill that would effectuate a compromise among the competing demands of the

institution, legislators and individual interest groups. Membership consisted of representatives of governing boards, faculty, students, citizens and the legislature. Issues that generated the most controversy included faculty status for various professional groups, the type of tenure system, the body that would determine the mission of each institution, institutional status for the extension system, role of students in governance and relationships among institutions [Buchanan, 1977]. Coalitions formed around each issue. Heim [1976] reported that the committee structured the implementation bill that succeeded "through a long process of compromises and accommodation" [p. 47]. He concluded that the committee performed a difficult task in a professional non-partisan manner, which lessened the likelihood of any concerted opposition.

Several other public institutions also utilized committees to involve constituents and to manage conflict. In the merger studied by Cannon [1977], a study commission, external consultants and a planning board to coordinate and implement the merger over a two year period were utilized. She posits that the planning board had no real authority but was established to manage conflict. The most extensive use of committees during the implementation stage took place in the University of the District of Columbia merger. A legion of task forces, committees and councils charged with specific responsibilities conducted a long series of open hearings that involved faculty and students. A transition committee, steering committee and administrative center were also established to facilitate the merger. Three-fourths of the respondents to a survey agreed that faculty,

students and administrators were involved to a great extent in planning and recommended the consultation procedures as being very useful to other institutions [Taylor, 1978]. The value of consultation is also illustrated in the University of Arkansas at Pine Bluff merger. Initially the legislature merged Arkansas A. M. & N. College into the university system without consultation with the institution. This triggered negative reactions from faculty, students, alumni and the black community. As a result, a new bill was passed which was more considerate of the institution's concerns [Neal, 1978].

Exactly how consultation helps to manage conflict is examined in depth by McMahon [1984] in his study of the merger of educational divisions of Oregon State University and Western Oregon State College. In this merger, transition teams were utilized to accomplish consolidation. He examined the hypothesis based on the organizational change theory of Zaltman and Duncan that the ability to resolve conflict will facilitate the transition from the initiation stage to the implementation stage of the merger. He found that conflict did exist at every level and within each group. The dominant strategy for resolving conflict was to bring "the issues out in the open and working them out among the parties involved" [pp. 122-3]. McMahon concluded that this strategy was a positive contribution to the performance of the involved departments and facilitated the transition from initiation to implementation of the merger. The use of teams also facilitated the transition by producing interpersonal relationships of a positive, supportive and cooperative nature which were perceived as helping both task completion and

conflict resolution. This also contributed to wide-spread support on the part of participants for the merged structure.

The extensive use of committees to ensure consultation does not automatically mean that participants will be satisfied. In the University of the District of Columbia merger, where participation in the process was high, nearly three quarters of the survey respondents agreed that faculty, students and administrators should have been involved to a greater extent in planning [Taylor, 1978]. Perhaps this position is linked to their perception that the trustees were the only decision-makers in the process and that power was not widely dispersed. Further support for this supposition is that although the majority agreed that much consultation took place with concerned persons, a majority also held that they had no or very little input in drafting consolidation and administrative procedures. When asked if they exerted strong influence on the decision-making process, a majority disagreed or were undecided.

The Oregon merger is an excellent example of the importance of involvement of participants in the actual decision-making process. McMahon [1984] reported that groups perceived increased influence in decision-making due to the participation in information sharing. This led to increased ownership in, and commitment to, decisions which contributed to successful implementation. He found that the transition teams consisting of representatives from both institutions facilitated an increase in knowledge and contributed to positive attitudes. The teams also participated in decisions concerning the new structure. Participants formed the following attitudes which facilitated change: recognition of the need for change, openness for change, capacity to

accept and implement change, perceived control of decisions and commitment to successful change.

The Initiation-Implementation Continuum

Based on the analysis of the mergers in this study, the process of merger moves along a continuum from initiation stages to implementation stages. Although the literature review indicates that the merger of institutions is a process, it does not identify the stages nor address the implications of the moving from one stage to the next. In the first two sections of this chapter, it has been shown that as the process moves along the continuum, one partner tends to dominate the process and conflict arises from the confrontation of competing demands. It has also been stated that the involvement of participants in the process can resolve the conflict and facilitate change.

Are there any other factors that affect the movement from initiation to implementation? Based on the examination of the case studies, three additional factors emerge--organizational structure, planning and leadership. This section will discuss each of these factors.

As the merger process moves from the initiation stages of deciding on the viability of entering into a merger to the implementation stages of negotiating the hard decisions, tasks of the participants change. McMahon [1984], in his study of the Oregon merger, found that certain organizational characteristics which facilitated the initiation of change could impede the implementation process. In other words, the organizational structure should be different for each stage. Of particular note was his finding that the use of transition teams working outside

the normal rules and procedures of the institutions provided the flexibility to facilitate the gathering and processing of information during the initiation stage. As the teams moved toward the implementation stage, however, formalization increased in order to accomplish the task and respond to demands to document change. In addition, the involving of faculty members in the process represented a decentralization during the initiation stages which facilitated increased communication during a period of high uncertainty and increased the amount of information available about the task. As the participants moved toward implementation, however, centralization increased with a more specific line of authority (administrative) in order to reduce role conflict or ambiguity. McMahon concluded that these strategies facilitated movement from initiation to implementation in the Oregon merger.

In the mergers studied, the lack of planning to cope with the transition from initiation to implementation was evident in many of them. The mergers of private institutions involved a degree of haste that prevented careful and detailed planning. Facing financial exigency, there apparently was not time for deliberate planning on the part of these troubled institutions. In the Western/Miami merger, Kennedy [1975] concluded that the major financial crisis facing Western created intense pressure, placed them in a reactionary mode and precluded any pre-planning. Winfrey [1989] reported that complications involving the selling of a building on the Barrington campus and the filing of a lawsuit by students "occurred because of the rapid pace of events attendant with effecting a merger in such a short period of time" [p. 246].

Evidently institutions that did not plan properly to avoid financial problems, were also plagued by the lack of planning during the merger process.

In the mergers of public institutions, where financial exigency was not a factor, there are several examples of the lack of planning due to time constraints. Taylor [1978] in her survey of participants in the University of the District of Columbia merger found that one of the two most frequent answers to the question on how the merger process should have been changed was to provide adequate planning time. She concluded that the rapidity of the consolidation process hindered the merger. A possible explanation of why time is not available for planning can be drawn from McMahon's [1984] finding that in the Oregon merger, the process placed a high demand on administrative time to solve pragmatic problems relating to daily operations. This did not allow time for careful planning or evaluation.

The Boston State/UMass, Boston merger illustrates how an external body, the legislature, compressed the planning time for the implementation of the merger. This resulted in an acrimonious process and personnel problems. While the board of regents and the two institutions were considering a consolidation plan based on the University of Lowell model, which would be implemented over a three year period, the legislature acted. In its appropriation for higher education, the legislative appropriation underfunded the cluster of colleges located in the Boston area by six million dollars [Zekan, 1990]. In order to cope with the underfunding, the regents accelerated the merger process from three years to less than one month! Subsequent maneuvering extended the period by several months with the final

date of the closing of Boston State set by the legislature. Zekan reported that the impact of this process was felt for years and the resulting legal problems involving the placement of personnel continued for seven years. He concluded that the manner of the merger's implementation was its major failure.

In contrast to the planning problems cited above, the Massasoit/Blue Hills and the Davenport/Detroit mergers present examples of the value of careful planning. In the Massasoit merger, the plan was initiated at the local level and provided for internal agreements on inter-institutional issues before moving to external agencies. This facilitated the discussion and negotiation of sensitive issues in an open manner. Zekan [1990] identifies the fact that the president of Massasoit, having been a faculty member at Boston State at the time of its merger with UMass, Boston, played a crucial role in developing an effective plan in dealing with personnel issues. The mistakes of that merger would be avoided in the Massasoit merger. The smooth initiation and implementation of this merger, however, may not have resulted entirely from good planning. Zekan pointed out the fact that the providing of state funding for all negotiated commitments may have contributed to the successful process.

A more formalized planning approach to the merger of institutions is presented by Brown [1987]. Based on his study of the merger of Detroit College of Business and Davenport College, he concluded that a single integrated planning structure and formalized approach will enhance the process of merging two institutions by providing a disciplined approach that will force

them to create relationships. He also concluded that good planning can not occur in an environment of fear, anxiety and insecurity.

Although formalized planning techniques, such as strategic planning, may be helpful, there may be resistance to them from within institutions. McMahon [1984] points out in his study that several writers claim that faculty and administrators often know little about planning and other management theories and techniques. He concluded that in higher education management and leadership, there is little use of laws, models and scientific values. This appears to be the case in many of the mergers analyzed in this study. Perhaps in an attempt to overcome this, some institutions turn to consultants to deal with the complex nature of moving from initiation to implementation. Aside from the use of lawyers to deal with legal technicalities, the use of consultants by the institutions in this study ranged from planning specialists in the Detroit/Davenport merger to financial accountants in the Parsons/New School merger. In Deubell's survey [1984], leading educators recommended that experts should be used in the merger process because the basic adversarial relationship between faculty and administration makes it difficult to facilitate a merger without assistance. Kennedy [1975] cautions, however, that leaders should use consultants as advisors and not as policy makers.

The final factor which affected the process of merger is that of leadership. The conclusion in the literature that a strong leader usually controls the direction of a merger and is an important factor in bringing it to conclusion is upheld in many of the cases in this study. These leaders, however, held a variety of positions--presidents, governors and board chairpersons.[1]

Legal Considerations

By its very definition, the merger of institutions has major legal implications. Dissolution of a corporate body, corporate structure and powers, fiduciary responsibilities, transfer of assets, state laws, contracts and restricted gifts are just some of the legal issues identified in the literature that must be addressed during the merger process. The mergers in this study presented for the most part the usual legal considerations identified in the literature. This section will present several of the unusual legal issues which arose in some of the mergers.

The Barrington/Gordon merger presented several unusual legal situations. In the early stages of negotiation, lawyers for both institutions developed a proposed merger agreement. After representatives of both colleges reviewed the document, it was rejected because it contained provisions that the institution had not requested [Winfrey, 1989]. The representatives then got together and drew up a less complicated letter of intent that stressed mutual trust and guided all future deliberations. Later in the process, an oversight by attorneys for Barrington College was to blame for an unforeseen complication involving the sale of a gymnasium. Because the building was constructed with a grant from the U.S. Department of Education, principal and appreciation pay back was required since the sale took place before a stipulated time period had expired. This was an unexpected loss of revenue for the merged institution. A final legal hurdle to the merger was presented when nursing students at Barrington College filed a lawsuit against the college charging that they were denied the right to finish their education in Rhode Island.

The merged institution would not offer a nursing program. This lawsuit delayed the signing of the merger agreement until the merged institution could receive assurances that the insurance carrier for Barrington College would assume any financial obligation resulting from the suit.

Unusual legal issues can also arise from how assets are sold and the use of the proceeds. In the Western/Miami merger, attorneys for each institution clashed over the procedure to be used to sell Western's property. The Western attorney maintained that a court opinion was necessary before the property could be sold. Both institutions eventually worked out an agreement that did not require court action. The courts, however, were used to rule on the legality of Western to use residual assets for faculty severance pay and to release its trustees from their obligation to replace endowment funds used for operating expenses. A final entanglement involved a charter stipulation that if the college were to close, assets would belong to the founding missionary sect. The court had to be satisfied that the sect no longer existed and had no heirs before it could authorize Miami as the successor institution [Kennedy, 1975].

Unusual legal issues were not restricted to the mergers of private institutions. In the University of Wisconsin system merger, the constitutionality of the consolidation was questioned. The central constitutional question centered on whether a single board for all the universities would be considered part of the University or a separate state agency. Interpretations by attorneys general on previous merger attempts seriously questioned the constitutionality on the grounds that

merger would create a separate agency. As a result, the merger bill contained a provision which directed the attorney general to seek a declaratory judgment on the issue [Carothers, 1974].

In order to minimize the complex and time-consuming legal procedure inherent in a merger, two separate mergers in this study utilized a technique used in the corporate world. Basically, the charters of both participating institutions were retained and the members of one board of trustees resigned and were replaced by the trustees of the other institution. Thus, one set of trustees would be responsible for two corporate entities. In the Parsons/New School merger, the New School trustees took the place of Parson's trustees. In the Detroit/Davenport merger, the Davenport trustees replaced Detroit's trustees.

For the Parsons/New School merger, Levy [1979] points out several reasons and advantages for this alternative to the usual consolidation. They include the following: protection of New School from any potential financial liability arising from Parson's financial problems; reduction in length of time to effectuate merger, a critical consideration given Parsons' cash flow problems; elimination of any jeopardy involving gifts to Parsons; and preservation of separate faculties. Levy concludes that this type of affiliation is a simple, less costly technique which has almost all of the advantages of a regular merger while eliminating most of its disadvantages. Although he concludes that he has not identified any negative effects of this approach, there is the likelihood that the legal protection it affords will probably fade as time passes.

The Process and Organizational Change

The findings presented in this chapter indicate that a merger is a complex series of actions that moves along a continuum from initiation to implementation. The findings also indicate that several factors--the dominance of one of the partners, conflict resulting from competing demands, organizational structure, type of leadership and legal considerations--all significantly influenced and shaped the process and the relationship between the merging institutions.

Each of the institutions in this study can be described as an organization made up of coalitions composed of a number of individuals and interest groups. Boards of trustees, administrators, faculty organizations, departments, student body, support staff and alumni associations, all qualify as groups which make up an institution of higher education. Professional associations, community groups, church organizations, government officials and boards are other groups that interact with the institution. In the merger process, these various groups aligned themselves in various coalitions to advance their particular interests. Although there existed a variety of combinations of groups in the mergers studied, the common denominator was that various groups banded together on the basis of self-interest to either promote or stop a merger.

The findings indicated that various individuals and groups differed in their values, preferences, beliefs, information and perceptions of the merger reality. One group valued tradition and mission, another valued land and expansion. One preferred absorption, another preferred cooperation. One believed in a

marriage of equals, the other acquisition. One practiced secrecy, another consultation. One perceived salvation, another doom. Coalitions with different agendas were present in each of the mergers. In some instances, these differences were adjudicated by legal action.

Decisions in the mergers were reached through bargaining and negotiation. Who got what was a critical question throughout the process. What programs, faculty, staff and students would be transferred were frequently debated. What the name of the merged institution would be was a major negotiating item for some. Working conditions were renegotiated in many of the mergers. Financial arrangements were the major bargaining point for some. In all cases, legislation and legal documents setting forth the outcome of bargaining and negotiations were signed to consummate the mergers.

Because of differences between and among groups, power and conflict characterized the merger process. The presence of coalitions with differing views motivated by self-interest fueled conflict. Secrecy and the lack of adequate planning also contributed to the degree of conflict. The emergence of one institution as the dominant entity in each of the mergers is an indication of the role of power in the process. The dominance factor also supports the political perspective that in organizational change there are winners and losers. This argument is reinforced by Schein's [1985] proposition that organizational change is a revolutionary process when it results in a loss of power on the part of one coalition. To the less dominant or acquired institutions in this study, the change brought about by the merger process can certainly be described as revolutionary.

The process of merger, however, is not entirely explained by the political perspective. The drastic or revolutionary change visited upon the institutions in this study was instituted in a top-down manner, a characteristic of the structural perspective of organizations. In each instance, individuals or groups at the top of the administrative hierarchy initiated the process and made the decision to enter into a merger. Leadership was exercised by key individuals at the top--trustees, presidents or government officials. Once decisions to merge were made by these individuals or groups, they were handed down to other groups within the organization to implement. It was at this point that coalition formation was most active and conflict intensified.

Bolman and Deal [1984] stated that within the political perspective, top-down decision-making can undermine organizational change. Based on a pattern of unsuccessful efforts mounted by chief executives, study teams and consultants, they concluded:

> In every case, the mistake is to assume that a combination of the right idea (as perceived by the person trying to make a change) and legitimate authority is sufficient to produce change. That assumption runs afoul of the political agendas and political power of the . . . individuals and groups in middle and lower-level positions in the organization who can devise a host of creative and maddening ways to resist, divert, undermine, or ignore change efforts. [p. 140]

Although the political view is the dominant perspective in explaining the merger process, there is also evidence of the effectiveness of utilizing strategies based on human resource assumptions. In some of the mergers, widespread consultation through the utilization of commissions, task forces, committees and less formal, decentralized approaches to implement the merger

decision is consistent with the human resource view that participative management reduces the conflict between the needs of the individuals and the needs of the organization to accomplish its goal. This approach was demonstrated to be successful in the Oregon merger, but less successful in the District of Columbia merger. Perhaps the difference can be attributable to the perception of the individuals involved in the former case that their ideas and feelings were being heard whereas in the latter case, the participants did not feel they exerted a strong influence in the decision-making process.

The involvement of participants in the implementation of the merger process may be a case of too little, too late. The process utilized in the mergers may not have sufficiently unfroze the members of the organizations to embrace the revolutionary change required by a merger. In the next chapter, the outcomes of the mergers will be examined in this context.

Summary

The findings based on an analysis of case studies support the conclusion presented in the literature that a merger is a complex series of actions involving risk and other factors that affect the process. These findings, however, further identify the merger process as a continuum from initiation to implementation. As the merger moves along this continuum, several factors evolve that significantly influence and shape the process and the relationship between the merging institutions.

The most significant of these factors is the emergence of one of the partners as the dominant force in the process. This dominance crosses over all categories of institutions--private

and public. The principal causative factor for the dominance, however, is directly related to the type of institution and the reason for entering into a merger. In the private sector financial exigency not only propelled institutions toward a merger, but also placed them in a subordinate position to the financially stronger partner. Reputations and political power played a major role in establishing the dominate partner in the mergers involving public institutions. The dominance factor significantly affected major negotiation issues involving the name of merged institutions and the transfer of programs, staff and students.

Competing demands, exacerbated by the dominance factor, created conflict as the process evolved. The degree of secrecy in the merger of private institutions also contributed to the conflict. In these cases, the use of secrecy was linked to the main reason for initiating a merger, financial exigency. In the mergers of public institutions, on the other hand, wide-spread consultation was used to manage conflict. In these cases, conflict was the inevitable result stemming from an externally imposed merger.

Elements of organizational structure, planning and leadership also emerged as factors which affected the process. Less formal and decentralized organizational structure facilitated change during the initiation stages, whereas formal and centralized structure enhanced it in the implementation stage. Careful and structured planning was absent in most of the mergers. Extremely short implementation time frames, resulting from a financial crisis in most instances, contributed to this situation. Leadership during the initiation stage was provided

by key individuals in a variety of positions--presidents, trustees, governors and legislators.

As the merger process unfolded, both usual and unexpected legal issues emerged. The latter category included lawsuits, sale of assets and constitutional questions. Two cases presented a different merger arrangement that has been used in the corporate world. It involved maintaining the charters of both institutions under the direction of a single board of trustees in order to avoid the time-consuming and complex legal technicalities associated with a traditional educational merger.

Viewed from a political perspective, the merger process is explained in terms of coalitions forming around groups with differing values, preferences and beliefs which bargain and negotiate over issues of power. Under this scenario, conflict arises because of differing perceptions, self-interest of groups and scarce resources.

Although the merger process is basically political, decision-making at the initiation stage is top-down, a characteristic of the structural approach to organizational management. This conflicts with the political process and hinders the implementation of change. Wide-spread consultation, a characteristic of the human resource approach to organizations, helped to reduce resistance to change in some of the mergers.

Having explored both the reasons and process associated with the mergers presented in the case studies, the outcomes of these mergers will be examined in the next chapter.

Note

1 The president of one or both institutions has been identified as the key leader in the following mergers: University of the District of Columbia [Taylor, 1978], Barrington/Gordon [Winfrey, 1989], Parson/New School [Levy, 1979], Wichita State University [Greider, 1988] and LeMoyne/Owen [Searcy, 1981]. Governors played key leadership roles in the mergers creating Southeastern Massachusetts University [Zekan, 1990] and the University of Wisconsin system [Heim, 1976]. In the University of Lowell merger, a major leadership role was played by a legislator [Zekan, 1990]. The chairman of the board of trustees of Milwaukee-Downer College exercised the major role in its merger with Lawrence College [Howard, 1980].

CHAPTER 4

OUTCOMES OF THE MERGERS

In Chapter 2, it was determined that the private institutions in this study decided on a merger in order to avoid closure due to grave financial difficulties. By merging with a financially stronger institution, these institutions hoped to save some vestige of their identity and tradition. In the public sector, the mergers were instituted to accommodate public policy initiatives in an effort to provide expanded educational opportunity and accountability. In this chapter, the mergers will first be examined to determine if these institutional objectives were met. It will conclude with an analysis of the impact that the mergers had on participants, the causes of the impacting factors and the methods utilized to control negative outcomes. The chapter will focus on the tension between organizational ends and the needs of individuals.

Institutional Outcomes

Financial exigency was the major reason why the private institutions in this study entered a merger. By merging, they sought to avoid bankruptcy and closure while at the same time continue some form of their identity and heritage. Were they successful in accomplishing these objectives? The answer in each case is yes, but with some qualifications. Although all of them avoided bankruptcy and total elimination, some were more successful than others in perpetuating their identity and heritage. Most of them gained less than they originally sought through merger and this contributed to the displacement of faculty and students. Certainly the dominance in

negotiations of the financially stronger partner, as presented in Chapter 3, played a major role in diminishing the original high expectations of the financially troubled partner. The following cases illustrate both the positive outcomes and the less than expected results of these mergers.

The degree to which the financially weaker institution was able to continue its identity ranged from a significant retention of program, staff and students in both the Parsons/New School and the New College/South Florida mergers to virtually no trace of continuity in the Western/Miami merger. In the Parsons/New School merger, Parsons was retained as a fine arts college within New School and only seven students withdrew as a result of the merger. Additional income was generated by raising tuition, creating an evening division and adding a Bachelor of Fine Arts degree program. Enrollment continued to grow to the point that nine years after the merger, the president of the merged institution considered Parsons a primary asset, a source of viability and vitality for New School [Levy, 1979]. As was stated in a previous chapter, Levy concluded that Parsons' program was financially viable, only its management was poor. This most likely played a major role in the high degree of continuity.

Another institution that was able to retain its program and identity to a great extent was New College. In its merger with the University of South Florida, it achieved its goal of maintaining the integrity of an academic program, which emphasized independent study and individualized instruction, by becoming an honors college within the University of South Florida. New College also retained most

of its faculty and students. The fact that New College merged with a public institution, however, did significantly affect its governance and operation. There was a loss of institutional autonomy at trustee, administrative and faculty levels coupled with the added bureaucracy inherent in the public sector. There also was a reduction of the role of faculty in establishing education goals, policies and procedures. Student mix also changed, with some reduction in selectivity. Reed [1978] stated, however, that reduced flexibility was a lesser evil than financial collapse. He concluded that the "blending of elitist and egalitarian forms of educational philosophy appears to be achieving a stability of operation" [p. 109].

Barrington College and Milwaukee-Downer College are two examples of institutions that had to settle for less than they originally hoped for as a result of merging with financially stronger partners. Both were unable to negotiate a hyphenated named for the merged institution in order to continue their identity. Both the mergers, however, resulted in stronger succeeding institutions. Winfrey [1989] reported that the successor institution in the Barrington/Gordon merger attained financial stability, strengthened its recruitment position, enhanced its reputation and broadened its national visibility. In his study of the Downer/Lawrence merger, Howard [1980] concluded that 16 years after the merger, the overall correctness of the decision was upheld. Lawrence gained by the infusion of funds from the sale of Downer's property and the transfer of its endowment. Downer was able to continue its name as a college within Lawrence.

The merger that resulted in the most striking loss of continuity for the financially weaker partner was the one between Western and Miami of Ohio. Western originally entered the merger to avoid bankruptcy and expected to continue its program as a college within Miami. The president of Western believed that the "preservation of continuity is preferable to demise even if some autonomy is lost in process" [Kennedy, 1975, p. 74]. Through the dominance of the process by Miami as elaborated in Chapter 3, Western suffered, according to Kennedy, a complete loss of identity in terms of its heritage and the continuation of its faculty, students and staff.

Why did the above institutions, all of whom were facing financial exigency, encounter varying degrees of difficulty in trying to perpetuate their identity? Kennedy's analysis [1975] based on a comparison to a business model may help answer this question. He posits that if the weaker partner is considered the seller and the stronger partner is the buyer, then certain conclusions follow. The buyer seeks to obtain the desirable assets of the seller at the lowest possible cost. Because the seller is facing financial difficulty, the buyer can dominate the negotiations and settle on terms that favor the buyer and frustrate the goals of the seller. In the Western/Miami merger, Kennedy concluded that Western bargained from financial weakness and Miami was interested in obtaining land and facilities at bargain prices. This conceptual framework based on a business perspective can explain not only Western's lack of success in continuing its program and identity, but that of some of the other financially troubled private institutions considered in this study. This finding supports and further defines a

conclusion in the literature that a merger can result in a loss of identity and autonomy and produce profound change for the less dominant partner.

In more political terms, the loss of identity and continuation of programs by the financially weaker partner is an example of the financially stronger partner marshalling its power to take advantage of the situation. In so doing, the stronger partner was able to bring this power to bear during negotiations to enforce its demands. The needs of the stronger and weaker partners were different and in conflict with each other. The outcome was that the self-interest of the financially stronger institution won out over the financially weaker institution.

Another explanation of the difficulty in achieving continuity can be drawn from Schien's [1985] theory on organizations. He maintained that when an organization can't grow because of a saturated market or an obsolete product, there are two choices: to become adaptive through the transformation of organizational culture or to destroy group culture through total reorganization--merger, acquisition or bankruptcy. The institutions which had difficulty with continuity pursued the paradoxical position of opting for merger while still trying to maintain a degree of their group culture that contributed to their financial problems. One can only speculate that if they had been successful at adapting their organizational culture, merger would not have been necessary.

The institutional outcomes for the merger of public institutions considered in this study were positive for the most part. As stated in Chapter 2, the prime objectives in merging public institutions were to

improve educational opportunity and accountability. The Wisconsin system merger illustrates the positive outcomes which can accrue from a merger of public institutions. Buchanan [1977] concluded that the merger accomplished the major goals specified by the legislature. They included an increased diversity of opportunity in programs and degrees; cessation of program proliferation by instituting a continuity of evaluation and providing necessary resources for viable programs; protection of graduate and research programs; preservation of campus autonomy and initiative by striking a balance between uniformity and differences; and increased faculty time for teaching undergraduates. She also concluded that the unified system gained in power rather than lost power, which could have resulted from the efforts of politicians to impose greater control through centralization.

In the merger that created the University of Arkansas at Pine Bluffs, Neal [1978] found that following the merger, mission and programs were expanded and physical facilities and funding were improved. This resulted in an increase in enrollment, a more diversified student body, and an improvement in the quality of faculty. Greider [1988] found similar outcomes for the mergers of municipal institutions with their state systems. In the mergers that he studied, all three of the former municipal institutions experienced an enrollment growth rate greater than their sister institutions in the state system. They all continued to have strong ties to their local communities and a focus on urban studies. With the influx of state funds, each institution benefited from lower tuition and increased compensation for faculty.

The mergers of Massachusetts institutions studied by Zekan [1990] also illustrate the positive outcomes for institutions and the citizens which they serve. In the merger that created Southeastern Massachusetts University, he found that educational opportunity beyond textile and engineering programs was provided for citizens of the area. Students also were pleased in so far as the merger would lead to an institution with more prestige. The merger that created the University of Lowell also resulted in expanded programs and opportunities for citizens in its service area. This was also true for the merger of Blue Hills and Massasoit Community College. Even in the highly controversial Boston State/UMass merger, Zekan concluded from a perspective 8 years after the merger, that it can be judged as successful in the attainment of its goals. The merger resulted in a quality baccalaureate education in the City of Boston with no program redundancy.

The results of the mergers of public institutions were not completely positive. The types of change required to effectuate a merger can have a significant impact on the way an institution conducts its business. Chief among these change factors is an increase in bureaucracy. In the Oregon merger, McMahon [1984] found that the consolidation produced a significant increase in rules of operation resulting in a proliferation of written policies and procedures. When the three municipal institutions became part of their state system, Greider [1988] found that each experienced an increase of bureaucracy and a loss of autonomy. This change in decision-making made it much harder to reach consensus on issues. He made the analogy that the municipals found themselves to be new

members of an existing family. He concluded, however, that the financial gain for these institutions outweighed their loss of autonomy.

With respect to outcomes, public institutions shared some of the same fate as private institutions. Evidence that public institutions do not attain all of their merger goals is found in the consolidation that created the University of the District of Columbia. Some participants criticized the merger as only an administrative consolidation [Taylor, 1978]. This could possibly lead to a fragmentation that would jeopardize attaining the merger goal of eliminating program duplication. In fact, Dillworth [1981] concluded that after the merger, the successor institution was still plagued by the same problems of program duplication and poor coordination. There is also evidence that public institutions may suffer the same negative outcome that the private institutions experienced. In the study of the merger of two unnamed public institutions, Cannon [1977] found that both institutions suffered a loss of institutional identity. This was a significant negative outcome for some of the private institutions examined in this study.

Buchanan [1977] in studying the Wisconsin merger concluded that no one got quite what was wanted, but no one lost all that was feared. Perhaps this resulted from the attitude expressed by one chancellor that once the merger bills were passed "we have to make it work. My faculty are all pragmatists" [p. 350]. Although Buchanan concluded that the merger accomplished its goals, it was not a complete success. She found that rivalry still exists and some chancellors still undercut the system president with the legislature and continue to build separate power bases. The human elements of

power and pragmatism certainly played a role in the outcome of this merger. It is interesting to note that, as was stated in Chapter 2, these same two elements played a role in causing the merger.

The Wisconsin case serves as a prime example of how institutional outcomes are affected by politics. The alignment of various groups during the negotiation process brought power to bear on the various negotiation issues. The conclusion that no one got everything desired nor lost all that was feared demonstrates the skillful use of power in reaching compromises. The fact that after the merger, as before, some players continue to build coalitions and power for the next round of organizational conflict is testimony to the political environment of higher education.

The political perspective maintains that there are winners and losers in the conflict brought about by competing demands for scarce resources. Organizational theory also posits that there is a classic tension between structure and people, between the organization and the individual. In this context, Schuman [1978] argued that the individual is "divided, manipulated, and finally conquered for organizational ends" [p. 82]. Knowing that organizations in this study have accomplished most of their institutional objectives for a merger, the question must be asked and answered--what was the effect on the individuals who make up the organizations?

The Human Element

Merger participants, namely faculty, staff, trustees, students, and government officials, play a significant role in the initiation, implementation and outcome of a merger. The reviewed literature

indicates that if a merger is to be successful in effectively accomplishing its objectives, then the human element must be considered. In this section, the way the mergers affect individuals will be examined not only in the context of how these effects relate to organizational ends, but also how they affect the individual as a person.

Although most of the case studies did not specifically address the impact of a merger on participants, evidence of negative effects was found in the descriptive material presented in several of the studies. Evidence of significant negative impact on faculty was found in Zekan's study [1990] of the Boston State/UMass, Boston merger. He found that the merger "engendered in those who participated...such a strong anger and sense of unfairness that it lingers today, eight years after the fact" [p. 48]. Under the merger, UMass, Boston was able to choose the Boston State faculty that it wanted. Other state colleges and universities also could choose faculty members who were left. More than twenty Boston State faculty selected early retirement rather than relocate.

In response to one of the initial merger proposals, a faculty leader at Boston State attacked the proposal as mechanistic. He claimed faculty, students and staff were treated as movable parts in a reorganized factory [Zekan, 1990]. This foreshadowed what would eventually happen to the faculty as a result of the final merger. Zekan concluded that "the poor treatment of the individuals involved...resulted in a merger that deeply effected [sic] the lives of many people" [p. 80]. He further stated that many faculty members at Boston State believed that the status quo

would be maintained and that the college would not close. Because of their powerlessness to influence the merger decision, Zekan concluded that this gave rise to anger. In addition, many careers were altered as a result of the merger. He found that eight years after the fact, former Boston State employees were spread throughout the system and still carried the anger of their treatment with them. It should be noted, however, that despite the impact on participants, he judged the merger to be successful on the basis that it resulted in a quality baccalaureate education without redundancy in the city of Boston.

Both the Western/Miami and Downer/Lawrence studies also presented evidence of hardships for faculty and students. Most Western faculty and the vast majority of its students did not transfer to Miami [Kennedy, 1975]. This certainly produced hardship and anger on their part as there was little help in relocating. Difficulties were not limited to the weaker partner according to Kennedy. The role of the Western program remnants within Miami continued to evoke embittered feelings among Miami faculty and staff. Although most Downer faculty and students transferred to Lawrence, the announcement of the merger was devastating to them and resulted in shocked disbelief [Howard, 1980]. The negative effects did not stop there. Howard reported that 18 years after the merger, Lawrence trustees initially denied permission for his study because they thought that the interviewing of people "ran the serious risk of stirring up old antagonisms. Of immediate concern was the possibility that aggravated memories might provoke the changing of wills and bequests" [p. 8]. Both fears and negative feelings evidently die hard.

Even when a merger is consummated with a great deal of cooperation or with little change in faculty or student standing, anxiety and fear can be present. In the Barrington/Gordon merger, which was negotiated with a high degree of mutual trust, Winfrey [1989] found that all Barrington constituents went through a grieving process. She reported that its alumni was the most seriously affected. They felt angry and betrayed and were still bitter after the merger. This supports the literature finding that participants in a merger suffer the same symptoms of grief, which includes anger and depression, they would experience over the loss of anything held to be important. In the merger of municipal institutions with state systems, which maintained the status of faculty and students, Greider [1988] concluded that turmoil and anxiety were also present.

In addition to the obvious anger and anxiety that anyone would experience if continued employment were threatened, changes in working conditions resulting from a merger also produce a variety of fears. In the study of the Wisconsin system merger, Carothers [1974] found that the faculty of the University of Wisconsin at Madison feared the loss of quality, prestige, academic freedom and faculty control. The faculty in the Wisconsin State University system feared the deterioration of excellent undergraduate teaching. All these working conditions are highly valued by faculty members. The threat of losing them would certainly arouse deep anger and anxiety.

Now that it has been demonstrated that evidence in the case studies support the literature's contention that a merger can produce anger and anxiety for participants, the question becomes

what causes these negative outcomes? The literature review indicated two possible explanations. In some mergers, the employment of secrecy and the resulting surprise announcements can send shock waves through a community. Initial disbelief rapidly gives way to anger followed by anxiety concerning future status. Downer College and Western College were prime examples of this phenomena. A second explanation stems from the widely held assumption that colleges are not suppose to fail. In this context, merger is viewed as an attack on stability, a cherished virtue in higher education. Anger is evoked in defense of alma mater and a sense of agony and powerlessness evolves. The Boston State/UMass, Boston merger is an example of this scenario.

A more definitive explanation of what causes the anger and anxiety in participants is provided by Turk [1989]. He maintains that individuals have a perception of reality that enables them to select what to perceive and how to interpret it. This forms a frame of reference that allows the individuals to understand what happens in their lives and what to expect in the future. The frame of reference enables individuals to reduce feelings of uncertainty and maintain a sense of control. When a major change such as a merger disrupts the frame of reference, the individual is faced with inconsistencies between what was expected and what is perceived. This produces uncertainty and stress for the individual.

How individuals react to the uncertainty produced by the disruption between expectations and events varies. According to Turk [1989], individuals' reactions can be grouped under two categories--danger and opportunity. Individuals within what he calls the danger

the danger category employ defensive mechanisms to reinforce their frame of reference and deny forces of change as long as possible on the grounds that it is not needed. They can become hostile, argumentative, angry and depressive concerning the organizational change because they are not prepared for the disruption of their expectations. Individuals in the opportunity category, on the other hand, view the disruption as an unpleasant but necessary part of the adjustment process. They accept change and its uncertainty as a natural part of living and a challenge to conquer. This is in contrast to the individuals in the danger category who deny the uncertainty and react by blaming and resisting. The high level of ambiguity present in a merger situation can exacerbate this type of behavior.

One case study gives additional insights on not only how a merger impacts on faculty and administrators, but also why negative feelings are exacerbated by perceptions. Cannon's descriptive case study [1977] on the merger of two public institutions, labeled Eastern State College and Eastern Technological Institute, focused on the interaction of the individual and the organization. It probed the subjective perception of participants concerning the merger, their psychological reactions in response to their perceptions, and the organizational and individual consequences of the merger. Data on perceptions and experiences were collected by questionnaires administered to participants at both pre-merger and post-merger stages. Data on the consequences were drawn from the findings obtained from the questionnaire.

Specifically, the study considered the perceptions of the merger by participants and their merger-related experiences

dealing with job satisfaction, role tension, merger anxiety and merger satisfaction. Job satisfaction was defined as the degree of satisfaction with intrinsic (type of work, autonomy, interpersonal relations) and extrinsic (salary, influence, career progression, promotion) aspects of work. Role tension was identified as conflicts, overload and ambiguities related to the job. Merger anxiety referred to conflicting organizational realities and ambiguities generated by the merger. Merger satisfaction was defined as being pleased with the merger and organizational change. Because of the importance of participants in determining the successful outcome of a merger and the scant information about this in the merger literature, Cannon's findings will be presented in detail.

With regard to perceptions, a significant change took place between pre-merger and post-merger periods for Eastern State College participants. They appraised the event as a "marriage of equals" at pre-merger and "an acquisition of Eastern State by Eastern Tech" at post-merger [Cannon, 1977, p. 153]. Eastern State participants also perceived that their institution was held in less esteem by employees of Eastern Tech. Changes in job satisfaction also occurred between pre- and post-merger periods.

Greater job dissatisfaction was reported for Eastern State than for Eastern Tech. The greatest change took place for Eastern State administrators. They reported decreased satisfaction with both intrinsic and extrinsic aspects of their work. Cannon [1977] reported that the pre-merger perceptions of a marriage of equals raised expectations for better working conditions, salary equalization and equitable treatment. Post-merger findings, however, indicated that

these expectations did not materialize. She offered this as proof that Eastern State was the acquired member and played a less dominant role. She concluded that "these organizational realities, in and of themselves, serve to explain the greater job dissatisfaction experienced by Eastern State College respondents" [p. 179].

When Cannon [1977] compared role tension of participants to their perceptions of merger, she found that being the acquired member helped to explain the differences between groups. She found that persons in the acquired category experienced a consistently higher role tension rating. She concluded that a merger dominated by one of the partners "plays a vital role in contributing to the anxieties and tensions experience by the participants" [pp. 212-213]. The source of this tension usually came from the sister institution or colleagues at the sister institution. Pressure from this source created job difficulties for persons who were threatened by the merger.

Anxiety and satisfaction with respect to the merger also changed over time for Eastern State respondents. From pre- to post-merger periods, they reported increased merger anxiety and decreased merger satisfaction. This may have resulted from lowered satisfaction with the aspects of work and the changing features of the organization. Cannon [1977] concluded that this is "especially true when participants feel that they are being acquired by the more dominant institution of the merger pair" [p. 228].

In addition to institutional affiliation, Cannon [1977] found that two other groupings experienced negative impact in the post merger stage. Faculty members and administrators who were employed in over-lapping positions between the two institutions experienced

increased role tension and decreased job satisfaction. Even some faculty in non-overlapping positions reported increased merger anxiety and dissatisfaction. She attributed this to the possibility that they were influenced by institutional changes caused by the merger. In addition, administrators experienced more negative impact than others faced based on their reports of increased merger anxiety and dissatisfaction. Cannon concluded that this resulted from the fact that administrative reorganization took the longest period of time to accomplish.

The major finding of Cannon's study [1977] is that the most salient determinant of the effects of the merger on participants was their affiliation with either the dominant or subordinate partner. She concluded:

> The delay in resolving organizational ambiguities and inequities had detrimental effects upon the professional staff during the pre- and post-merger process. Specifically, perceptions of Eastern State College as the "acquired" member of the merger pair and Eastern Technological Institute as the "acquirer" resulted in different merger experiences. Thus, the consequences of merger for the participant are manifested in the post-merger reports of job dissatisfaction, merger anxiety, role tension and merger dissatisfaction. These expectations were more pronounced for Eastern State College participants--the acquired members. [p. 241]

In a later paper, Cannon [1983] further concluded that employees view a merger as a major life change that negatively affects their behavior. Citing behavioral scientists, she theorizes that this results from the perception of participants that the change will prevent them from satisfying their own needs. They thus learn to associate anxiety, frustration and fear with change. This perceived

link will also increase the possibility that individuals will resist future organizational changes.

There is ample evidence presented here on the tension between organizational objectives and the well being of involved individuals. Regardless if the negative outcomes resulted from a learned response from previous experience, a reaction to a disruption of control, a failure of authorities to manage effectively the transition stage of change or the failure of groups to form coalitions to affect decisions in an effective manner, individuals suffered as the organizations accomplished merger objectives. It is possible that Schuman's [1978] contention that the individual is divided and conquered for organizational ends applies to individuals involved in a merger of institutions of higher education.

Knowing that negative outcomes for individuals stem from a merger, are there ways in which these outcomes can be controlled or diminished? The literature review indicated that how participants feel about merger is affected by their basic belief concerning how things should be done. Thus the culture of the organization, that is, individual and collective behaviors, beliefs and assumptions of participants, must be taken into consideration. It was stated in the review that turmoil, confusion and tension of employees can undo the most carefully planned financial merger. In order to provide a smooth transition in dealing with employee issues, the literature indicates that communication mechanisms, transition teams, morale boosting activities, counseling and workshops should be utilized. Cannon [1983] also cited the applicability of applied behavioral strategies in coping with negative reactions. They included strategic kinds of

interorganizational communications and perceptive human resource planning. She maintained that in order to "reduce employees' fears, combat shock/disbelief, and diffuse anger, management needs to recognize merger as a process demanding planned and preventive action" [p. 12].

Evidence of the utilization of some of these human resource strategies to overcome fear and anxiety experienced by participants has been identified in four of the case studies. Brown [1987], in his study of the Detroit-Davenport merger, reported that it takes time for participants to become comfortable and secure within a merger situation. He concluded that the natural fear and anxiety resulting from a merger can be overcome by face-to-face contact, which will increase communication. He further recommends that after a merger, management should focus its efforts on decreasing these natural tendencies because people can not be expected to work on long-range goals when they feel insecure. In the Oregon merger, McMahon [1984] found that the use of transition teams to work out conflicts with those involved contributed to positive attitudes. Kennedy [1975], in studying the problems associated with the Western-Miami merger, also concluded that effective communication can overcome resistance to integration. Even communication of basic information can help. In a survey of participants in the merger that created the University of the District of Columbia, Taylor [1978] found that over 80% of the respondents were of the opinion that the education of constituencies as to the advantages and disadvantages of consolidation would have alleviated much anxiety.

These four case study findings support the following contention of Bolman and Deal [1984]:

> The human resource frame suggests that there are fundamental conflicts between individual and organization but that those conflicts can be reduced, if not reconciled, through greater levels of collaboration and learning, more meaningful work, and genuine exercise of participation in important decisions. [p. 132]

Summary

The mergers examined in this study accomplished their institutional objectives. The private institutions were able to avoid bankruptcy and total dissolution. They experienced varying degrees of difficulty, however, in continuing their heritage and identity and attained less in this regard than they originally sought. This contributed to a displacement of faculty and students. A possible reason for these difficulties was that because of financial exigency, these institutions were cast in a subordinate role during negotiations. In business terms, they were sellers in a buyer's market. In the political perspective, they did not have the power to affect the outcome. One notable exception to this pattern occurred when a troubled institution was able to negotiate a unique funding arrangement with the stronger partner. A second exception occurred when the subordinate institution's program became financially viable under new management. In both cases, a high degree of continuity was achieved.

For public institutions, the merger goal of meeting public policy initiatives to expand educational opportunity was attained. Increased bureaucracy and loss of autonomy, however, were evident in many of these mergers. Some public institutions also shared in the

loss of identity syndrome experienced by the private institutions. The use of political power to affect outcomes was significant.

Although the mergers in this study accomplished their institutional objectives, they were attained at a cost to the participants. This is a classic example of tension between the organization and the individual. Regardless of the type of institutional control or reason for entering into a merger, people were affected in negative ways. Anger, bitterness, fear and anxiety were documented in many of the studies. These negative outcomes may stem from factors other than the basic threat of displacement and altered working conditions. The use of secrecy, assumptions that colleges are not supposed to fail and reaction to the disruption of personal control all could have played a role. One significant study found that the conditions of merger affect participants' perception of the event and also cause job dissatisfaction, role tension, merger anxiety and decreased satisfaction with the merger. This is particularly true for members of the less dominant or acquired institution.

The literature and case studies presented several strategies to cope with these negative effects. The culture of the organization, human dynamics, communication and human resource planning all should be considered. Natural fear and anxiety of participants can be lessened by involving participants in decisions, educating them as to the advantages and disadvantages of a merger and face-to-face communication.

The two previous chapters and this one have presented findings on the reasons, process and outcomes of the 20 mergers. In the final chapter, these findings will be integrated in order to

form conclusions and develop recommendations for individuals involved in a merger of institutions of higher education.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Although the merger of higher educational institutions occurs on a regular basis and is considered an acceptable option to respond to change, research on the subject is fragmented. As stated in the Introduction, the purpose of this study is to investigate the mergers of institutions of higher education in order to develop an integrated understanding of this organizational phenomena. Specifically, the study identifies and compares the reasons for, the process used in and the outcomes of various mergers that have taken place and synthesizes these findings with the current literature on the subject. The findings are interpreted so that strategies grounded in the data can be developed to assist policy makers and other participants in a merger situation.

The findings presented in the previous chapters indicate that the lack of understanding of the elements and tensions of the merger phenomenon, particularly the dynamics of change, often creates implementation problems. Change plays a major role in the three basic tensions that characterize the reasons, process and outcomes of the mergers. When the reasons for the mergers are analyzed, the classic tension between forces for change and the forces to maintain the status quo within the organization becomes evident. The merger process itself is characterized by the tension of one institution becoming dominant thereby exacerbating the impact of change on the subordinate institution. The process is also characterized by how various groups react to change. As for the outcomes of the mergers,

the accomplishing of organizational ends at the expense of the needs of individuals in a changing work environment is a defining tension.

In addition to change and its tensions, other elements that constitute the mergers have been identified in the previous chapters. They include use of power, decision-making, crisis, conflict, planning and implementation factors. How these elements affect the merger process and relate to the major tensions are synthesized in the conclusions section that follows. Important distinctions are also noted. Based on this understanding of the merger phenomenon, recommendations on management strategies addressing change are formulated to assist policy makers and administrators in making the merger process smoother and more effective.

Conclusions

In the Review of Literature, it was stated that the problems in a merger situation are so idiosyncratic that each merger must be treated differently. Based on this study, however, some important generalizations concerning common characteristics have emerged. This commonality exists in each of the major merger elements: change, crisis, use of power, decision-making, conflict, objectives, outcomes and management. Although these characteristics do not occur in every merger, their frequency presents a pattern which is of importance.

The merger of institutions of higher education involves first and foremost significant change brought about by economic, social and political factors. For the institutions, the changes include replacing one corporate governing body with another, the transformation of identity, the addition and deletion of programs, the adoption of new procedures

and the expansion of facilities. The resulting merged institutions are different than the predecessor institutions. For the individuals involved, the mergers create a threat to their sense of control of what is happening in their lives, which in turn leads to anger, anxiety and bitterness. For some staff, displacement or loss of employment may occur. For those employees who remain, the merger can affect job satisfaction.

Although the private and public institutions entered their mergers for different reasons, the decision makers in both categories were confronted with the classic tension between forces for change and forces to maintain the status quo within the organization. For the private institutions, this tension manifested itself in the desire to maintain traditional mission and programs in the face of shrinking resources. For the public institutions, the tension took the form of meeting external policy needs versus maintaining existing academic interests. The merger of institutions of higher education is an example of how various political, social and economic factors change the status quo in American higher education. Except for closing, the resulting change is probably the most drastic one experienced by the institution and the individuals involved.

A second significant characteristic of the mergers of institutions of higher education is that the <u>use of power</u> plays a critical role in the process. As the merger process moves along a continuum from initiation to implementation, the role of power significantly affects actions and outcomes of the mergers. Because of financial resources, size, political savvy or reputation, one of the partners emerges as the dominant player in the negotiations. In competing to promote

institutional self-interest within the context of scarce resources, the more powerful partner is in a stronger position to negotiate terms favorable to itself and to exacerbate the negative aspects of change for the subordinate institution. The less powerful partner loses out on attaining all of its original objectives for entering a merger. As a seller in a buyer's market, the weaker institution lacks the power to promote its self-interest. The participants associated with the less powerful institution suffer a greater degree of anxiety and dissatisfaction. If the participants had been more aware of the political aspects of change, they may have been in a better position to negotiate a more favorable outcome for their institution and constituent groups.

Crisis is the third characteristic that is usually part of the merger process. For the private institutions, financial exigency can result from poor planning or management in response to changing demographic factors. In the public sector, the intervention of external entities desiring more opportunity for citizens or control of educational organizations introduces a degree of instability over impending change in the traditional role of the institution. Employees face the crisis of losing their jobs or adjusting to sudden changes in the ways things are done. Students also face the crisis of adjusting to a new environment or withdrawing. Because of crisis, the institutions and constituent groups are placed in a position of reacting to change as opposed to managing it.

The top-down method of making decisions, the fourth characteristic prevalent in the mergers, further exacerbates the reactionary mode for the institutions and their constituencies. The upper levels of the hierarchy in making the decision to merge are

usually sufficiently informed on the factors creating the conditions for a merger. The rest of the organization, however, is often not sufficiently informed or involved to foster an acceptance of the reality of merger and its changes. This results in various constituent groups developing different perspectives of the merger. The interest of each group becomes an overriding concern. The lack of consultation and meaningful participation contributes to resistance rather than receptiveness on the part of constituent groups. The way the decisions are reached and the lack of attention to the dynamics of implementation do not unfreeze an entire organization for the drastic changes required by a merger. These factors certainly play a significant role in forming coalitions, creating conflict, diminishing institutional outcomes and causing personal anger and bitterness. A different approach, one addressing organizational and human dynamics, could greatly reduce the negative outcomes for both the institutions and the individuals involved.

Finally, the story of the mergers in this study is, for the most part, one of poor planning and management. For many of the institutions, their original objectives for entering a merger were not completely met. For many of the individuals involved, the merger process was a traumatic experience. Institutional ends were given more consideration than the needs of individuals in a changing organizational environment. The lack of sufficient planning and effective implementation strategies played a major role in producing these negative outcomes. It resulted in institutions resisting change, being divided by conflict, reacting to crisis in a hasty, unilateral manner and ignoring the needs of the individual. A merger was not

viewed as a process, but as an event that ended all too frequently with the signing of the merger document. The strong leadership present in the initiation stage apparently ended during the implementation stage. Although change, conflict and crisis can be good for an organization and its constituencies, they must be managed within a planning context in order to avoid or lessen their negative impacts and risk. This is especially true in a merger situation where the change can be a drastic one. The reasons that the institutions poorly managed the merger process may stem from their lack of an appropriate planning mechanism and administrators adept at using organizational change strategies effectively.

Table 1 presents a summary of the specific conclusions according to the prevalent characteristics of the various elements of the merger process.

Table 1

Merger Conclusions by Process Elements

Element	Prevalent Characteristics
Change	Not managed
Power	Dominance/hierarchical
Decision-making	Top down and self-centered
Crisis	Not anticipated
Conflict	Divisiveness
Objectives	Organizational ends overriding
Participants	Individual needs neglected
Planning	Non-existent or poorly done
Implementation	Limited or no strategies to facilitate process

The analysis of dissertation case studies provides several important distinctions concerning the merger phenomenon. As such, the dissertations serve as a valuable research resource. The fact that they are not cited in the merger literature indicates an incompleteness in that literature. Public policy initiatives in contrast to financial exigency were the reasons for the merger of public and private institutions respectively. Dominant institutions saw a merger as a takeover to effectuate a financial gain at bargain prices. The subordinate institution viewed a merger as a marriage with the expectation of equal treatment and the avoidance of bankruptcy.

Analysis of the case studies demonstrated that a merger is a process with distinct stages--initiation and implementation. As the merger process unfolded, differences also manifested themselves according to the type of control of the participating institutions. Within the private sector, the decision-making process was usually characterized by secrecy. In the public sector, consultation with various internal and external groups usually took place. The type of risk also differed within each sector. For the private institution, the risk for the merged institution centered on remaining financially viable while trying to continue some form of identity of the predecessor institutions. For the public institution, the risk involved loss of control and the possible lowering of standards. With respect to the outcomes of the mergers, differences were again present according to the type of control. In the private sector, the weaker institutions avoided bankruptcy but had limited success in attaining the goal of perpetuating their identities and programs. In the public sector,

educational opportunity was expanded and accountability increased while bureaucracy was increased and autonomy decreased.

The dissertation case studies also provided this study with data on five mergers that were exceptions to conventional wisdom or normal patterns. In two cases, financially troubled institutions (Barrington/Gordon and Lemoyne/Owen) merged successfully, contrary to the advice presented in the literature that two institutions in financial difficulty should not enter a merger. In another case, a financially troubled private institution (New College) was able to maintain a substantial portion of its identity and programs by providing a unique funding mechanism after its merger. This accomplished what many other financially weak institutions were unable to achieve. The fourth and fifth cases (Parsons/New School and Detroit/Davenport) provided information on how a merger avoided costly delays by utilizing a simple legal maneuver affecting the governing board that is frequently employed in the corporate world.

Based on the enriched understanding of the totality of the merger phenomenon embodied in the conclusions of this study, recommendations can now be formulated to guide policy makers, implementors and participants involved in a merger situation.

Recommendations

This study has concluded that the mergers of institutions of higher education involve drastic change, dominating use of power, conflict, hierarchical decision-making, crisis situations and institutional ends accomplished at the expense of individuals. It also concluded that the mergers have been poorly planned and managed leading to negative results. To assist policy makers and implementors, the

recommendations of this study must address poor planning and implementation and the other negative aspects listed in Table 1. They are intended to help guide decision makers and implementors in their thinking and actions in coping with change in a merger situation. They are not intended to serve as a step-by-step recipe for rigid implementation. Some recommendations may not apply to every situation. All of them, however, offer strategies that could facilitate the merger process for both the institution and the individual if utilized in the appropriate case.

The application of management strategies should facilitate the changes required by a merger, thereby avoiding the negative outcomes so frequently experienced in past mergers. One management strategy adapted from the work of Bolman and Deal [1984], can be particularly helpful in managing change. They recommend that managers utilize strategies in an integrated manner from four frames--structural, human resources, political and symbolic--to deal with various situations in order to understand and manage organizations.

The structural frame, which is concerned with formal roles and relationships, is appropriate to promote goal direction, structural clarity and task accomplishment. The human resource frame, which attempts to tailor organizations to people, is used to respond effectively to human needs. The political frame, which addresses the issues of power and influence among individuals and groups, is used to deal with coalitions, conflicts and problems of resource allocation. The symbolic frame, which holds that ritual and culture propel the organization, is appropriate for considering aspects involving shared

values, symbols and cohesion. For Bolman and Deal [1984], each frame has its own view and interpretation of reality. They maintain that successful managers blend the four frames and use them in such a way that they are mutually supporting. Table 2 summarizes the various frames.

Table 2

Summary of Organizational Frames [Bolman and Deal, 1984]

Frame	Emphasis	Organizational Domain
Structural	Formal roles and relationships	Goal direction and task accomplishment
Human Resource	Tailor organization to people	Human needs
Political	Power and influence	Coalitions, conflicts and resources
Symbolic	Ritual and culture	Shared values symbols and cohesion

In a merger situation, administrators must facilitate change and must be able to recognize and accept the existence of multiple perspectives. A merger will be interpreted in a number of different ways by various individuals and groups involved in the process. By accepting this assumption, administrators will be able to understand better how people will react and will be able to utilize strategies drawn from the appropriate frame to facilitate change. For example, during the initiation stage of the merger process, the involvement of constituent groups in the decision-making process (sharing of power in

the political frame) could be used to discuss the feasibility of the merger and other alternatives. This could be accomplished through the use of decentralized and less formal meetings (structural frame) that are of an ad hoc nature. This would provide a forum to facilitate the discussion of human needs and concerns (human resources frame) associated with drastic change. For some participants, this will represent a ritual (symbolic frame) to signal responsibility and to provide an opportunity to negotiate meaning.

By utilizing strategies from the four frames, the decision-making process will be viewed by participants according to their particular frame: as a rational sequence to produce "right" decisions leading to a realignment of responsibilities in the new environment (structural); as an open process to produce commitment based on a balance between human needs and formal roles (human resource); as an opportunity to gain or exercise power involving new coalitions (political); or as a ritual to provide comfort and support until the merger occurs by maintaining an image of accountability and responsiveness (symbolic). Having participated in the decision, individuals and groups should be more receptive to change in that they view the reorganization as satisfying their particular perspective of what should or is happening.

During the implementation stage, the involvement of participants in the process through the utilization of strategies based on the four frames should continue. Formal committees should be utilized to transmit facts and information to make decisions on implementation issues (structural) and to provide a vehicle for influencing others and gaining support for a group's particular self-interest (political). Informal sessions should also be provided to enable participants to

exchange information and share feelings (human resource) and to facilitate the transformation of the organizational culture (symbolic). These strategies should help to manage conflict in that participants will view the process as resolving conflict according to their particular perspective: by formal authority (structural); by developing relationships resulting from individuals confronting conflict (human resources); by developing power through bargaining (political); or by using conflict to negotiate meaning (symbolic). Table 3 on the next page summarizes these perceptions according to the four frames and organizational processes.

The skillful use of the integrated frame strategies could create an organizational culture that would be more open to and accommodating of change. If the basic beliefs, norms and values as well as practices and behaviors of the individuals in the organization are examined and attended to by these strategies, then resistance to change could be greatly diminished. If an institution can create an organizational culture that is accepting of change, then it would be continually involved in self-renewal which may help the organization avoid many of the negative conditions that force institutions into a merger. At the very least, it could facilitate the changes required of the individuals and institutions involved in a merger. Of course, this goal of a self-renewing institution accepting of change could be attained through the application of other management strategies. The integrated frame strategy is but one possible approach. The important point is that institutions should be guided by a vision and management plan that will facilitate acceptance of the vision and its changes and guide the

Table 3

Summary of Perceptions by Frames and Organizational Processes [Bolman and Deal, 1984]

Frame	Decisions	Reorganization
Structural	Rational sequence to reach right decision	Realign roles to fit task
Human Resource	Open process to produce commitment	Balance human needs and formal roles
Political	Opportunity to gain or exercise power	Redistribute power and form new coalitions
Symbolic	Ritual to provide comfort and support until decision made	Maintain image of accountability and responsiveness

Frame	Meetings	Conflict
Structural	Formal committees to to make decisions	Resolve by formal authority
Human Resource	Informal sessions to exchange information and share feelings	Develop relationships by confronting it
Political	Formal committees to make points and influence others	Develop power through bargaining
Symbolic	Informal sessions to transform culture	Opportunity to negotiate meaning

institution through the initiation, implementation and follow-up stages.

There are certainly problems associated with changing the organizational culture of an institution of higher education to make it more accommodating of change. Cultural change within an organization is a lengthy and time consuming process. It cannot be accomplished as a quick fix for a crisis. Also, not every member of the institution can be or is motivated to be involved in the process to change the organization. Under the integrated frame approach, the tension between the forces for maintaining the status quo and change will still exist. The use of the integrated strategy, however, should minimize organizational disruption. It provides the opportunity for individuals with different perspectives to present their concerns and to work out differences within a context appropriate to their frame of reference.

There are other management strategies that could be utilized to help institutions avoid or minimize the problems associated with a merger. One such strategy would be to evaluate the current management of an institution with the goal of making it more efficient. Management strategies utilized in business, such as a customer service orientation, total quality management, marketing strategies, program/staff reduction and the expanded use of information technology could be implemented to streamline operations, cut costs and increase productivity. In a merger, the bargaining position is enhanced when the participating institutions are more viable.

Institutions ought to monitor their operation for signs that could indicate a future crisis. These signs include a mission that is no longer

viable, objectives not being met because of scarce resources, decline in in enrollment, financial deficits and lack of dynamic leadership [Millett, 1976]. Once identified, steps can be taken to prevent them from exploding into a major crisis for the institution.

Institutions should consider the use of consultants in a merger situation to assist with evaluation, plan development, negotiations and implementation. Legal counsel should be used to handle the variety of legal issues involved and to write the merger agreement document. Legal advice can also help to save time and eliminate problems as it did in the Parsons merger by implementing an innovative corporate strategy involving governing boards. Management consultants can bring a fresh perspective to assessing an institution's strengths and weaknesses and assist with implementation. It is important to remember, however, that consultants should not make policy decisions, but advise and assist policy makers and implementors. Psychologists and sociologists can also help faculty, staff and students to cope with concerns.

Post merger follow-up studies by administrators ought to be conducted to evaluate and monitor what has happened. This will not only provide a body of knowledge of what went right and what went wrong, but will also enable administrators to monitor the adjustment period and identify any problems to be addressed. A merger is a process that does not end with the signing of the agreement or on the first day of operation of the merged institution. The process continues for several years after the effective date of a merger.

Alternatives to a merger should be given careful consideration. The institution should clearly identify what objectives it hopes to

accomplish through a merger. Alternatives such as voluntary cooperation, consortia, federation and Chapter 11 bankruptcy procedures can then be evaluated according to these objectives. Pros and cons of each alternative can then be compared and the option that best meets the objectives can be selected.

Finally, the use of strategic planning should be considered as a mechanism that will enable institutions to be better prepared for the possibility of a merger, to minimize the negative aspects associated with one and to implement the recommendations in this study. It could also help institutions avoid negative factors that could lead to a merger. Strategic planning involves "the ongoing analysis of the institutional environment to ascertain what long term changes are occurring which may provide opportunities with relation to emerging educational needs or demands" [Young, 1981, p. 1]. It enables the institution to manage or influence change rather than merely reacting to it. This is accomplished by identifying and assessing changing external social, political and economic factors that could affect the institution and its programs in the long term. Strategic options are then developed to enable the institution to respond to them in a planned way by changing its goals, objectives, organizations, programs, etc. Strategic planning is ongoing and should involve in its formulation representatives of various constituent groups.

A strategic plan for any institution ought to include a merger option as a response to certain environmental factors such as changing demand, spiraling cost, need for complimentary or diversified programs, demographic changes, need for better market position, increased need for a stronger lobby for state and federal funds, need

to satisfy demands for accountability and control, etc. A merger with another institution is certainly one option that enables the institution to meet and manage these particular environmental factors. Other alternatives (cooperative arrangements, consortium, federation, etc.) should also be identified and evaluated as part of the plan. The plan should also contain contingency options if the institution starts down the merger path but does not find a suitable partner or arrangement.

Strategic planning also provides a mechanism to implement the various management strategies based on the recommended integrated frame approach. It enables the institution to involve individuals in a variety of ways to identify, discuss and develop responses to a wide range of environmental factors. It is done during a non-crisis period when the process can be more encompassing and deliberate. The option of a merger and all its implications can then be discussed in a more open manner using the integrated frame strategies. Of course, there still may be a need for some secrecy when representatives of a private institution are discussing the possibility of a merger with another institution.

By having a strategic plan in place, the institution is in a position to avoid or minimize the divisive conflict and trauma that results with no plan or poor management of the merger process. It is also possible that a good strategic plan and planning mechanism may enable the institutions to avoid circumstances which traditionally have led to merger--financial exigency for private institutions and greater accountability for public institutions. For the former group, a good strategic plan should lessen the chances of an institution plunging into a major financial crisis. For the latter group, the fact that a public

institution has an effective strategic planning mechanism in place may convince public officials external to the institutions that increased educational opportunity and accountability are taking place without their intervention. Strategic planning is also an ideal mechanism to implement the earlier recommendations made relative to evaluating the operation of an institution for more efficiency and monitoring for signs which may indicate the need for a merger. According to Shirley [1988], "strategic planning offers colleges and universities a powerful means of shaping their futures in a rapidly changing environment" [p. 14].

Table 4 presents a summary of the management strategies that are being recommended to enhance the merger process. When compared to Table 1, it specifies how the recommendations address the shortcomings of the mergers studied.

Table 4

Management Recommendations by Process Elements

Element	Recommendation
Change	Managed and facilitated
Power	Shared with stakeholders
Decision-making	Consultative and participatory
Crisis	Planned response with alternatives
Conflict	Resolved through integrated frames
Objectives	Address needs of organization and participants
Participants	Provide support
Planning	Strategic plan to anticipate and guide
Implementation	Integrated frames approach

Additional Study

This study has presented several recommendations for institutions to plan for and manage the merger process in a more effective and efficient manner. Studies of the application of these strategies to an actual merger situation should yield valuable data on their appropriateness and effectiveness. Most studies of the merger phenomenon take place in a time frame shortly after the merger. Longitudinal studies or studies conducted several years after a merger, should also be undertaken to gain a perspective on the long term impact of the process.

Very few studies of the merger phenomenon address the outcome of mergers, especially the impact that it has on individual participants. Because individuals within the organization play a crucial role in the implementation of a merger, studies ought to be conducted on how they perceive the merger experience and the effects that it had on them.

The dissertation case studies focused on institutions that merged because of financial exigency or external public policy initiative. Studies should be conducted on the mergers of institutions that take place because of non-economic reasons (private sector) and institutional driven reasons (public sector). In the latter category, the recent merger of the University of Lowell and Southeastern Massachusetts University into the University of Massachusetts, which was initiated from within the institutions, should provide information that can be compared with the findings of this study.

At the outset of this study, it was noted from limited personal experience that the merging of institutions of higher education did not

appear to be well planned or implemented. As the study evolved, it became apparent that this was the case in most of the mergers studied. A lack of a broad understanding by policy makers and administrators of the tensions and elements that constitute the merger phenomenon contributes to this less than desirable situation. This study has indicated that the merger of institutions of higher education can be a viable strategy for meeting and adapting to change. To be effective in meeting objectives and minimizing negative impacts on participants, it must be planned and managed so that change, conflict and crisis can produce positive results for both the organization and the individual. This study has presented one perspective on facilitating that outcome.

APPENDIX A

DISSERTATION CASE STUDIES

Brown, T. H. (1987). Development of planning processes in a merged, multicampus college setting. (Two private business colleges)

Buchanan, M. H. (1977). Mission and merger: Legislative mandate and institutional response--A case history of the University of Wisconsin system.

Cannon, J. B. (1977). Merger: Its impact upon participating members of the faculty and administration at two public institutions of higher education. (Two unnamed public colleges)

Carothers, Jr., O. M. (1974). The merger of the University of Wisconsin state universities system.

Dilworth, M. E. (1981). An examination of precipitants in the decision to merge the District of Columbia Teachers College, Federal City College and Washington Technical.

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Winfrey, M. E. (1989). An historical case study analysis of the merger of two private institutions of higher education. (Barrington College and Gordon College)

Zekan, D. L. (1990). Mergers in public higher education in Massachusetts. (Southeastern Massachusetts University, University of Lowell, UMass at Boston, and Massasoit Community College)

APPENDIX B

LIST OF THE MERGERS STUDIED

1. Arkansas Agricultural, Mechanical and Normal College into the University of Arkansas at Pine Buff (1972).

2. Barrington College and Gordon College (1985).

3. Blue Hills Technical Institute into Massasoit Community College (1985).

4. Boston State College into the University of Massachusetts at Boston (1982).

5. Bradford Durfee College of Technology and New Bedford Institute of Technology into Southeastern Massachusetts University (1964).

6. Detroit College of Business and Davenport College (1985).

7. District of Columbia, Federal City College and Washington Technical Institute into the University of the District of Columbia (1974).

8. Lowell State College and Lowell Technological Institute into University of Lowell (1975).

9. Milwaukee-Downer College and Lawrence College (1964).

10. New College and University of South Florida (1975).

11. Oregon State University School of Education with Western Oregon State College Division of Education (1982).

12. Owen College and Lemoyne College (1981).

13. Parsons School of Design and New School of Social Research (1970).

14. Salisbury State with the University of Maryland Eastern Shore (proposed 1976).

15. University of Louisville into state system (1970).

16. University of Omaha into University of Nebraska at Omaha (1968).

17. The University of Wisconsin System (1971).

18. Western College and Miami (Ohio) University (1974).

19. Wichita University into Wichita State University (1964).

20. Two unnamed public colleges (1975).

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