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# **BREAKING OFF THE ENGAGEMENT**

A case study about the decision to stand alone in a time of mergers in the Higher Education sector

Faculty of Management  
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# PABSTRACT

Helene Vedal: Breaking off the engagement: A case study about the decision to stand alone in a time of mergers in the Higher Education Sector

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The development in the Higher Education (HE) sector has for the past decade been characterized by structural changes in form of government-initiated mergers. The aim of such structural changes was to enhance the quality by concentrating the resources in fewer but stronger institutions. The signals from the Ministry of Education and Research about such changes was the start of a wave of mergers in the sector, which over a few years resulted in a decrease in the number of Higher Education Institutions (HEI) from 33 to 21. However, not all of the negotiation processes about potential mergers turned out to be successful.

This thesis is a comparative case study that is looking at the decision-making process, and what may have influenced this, towards a decision not to merge. The cases in this study is the negotiations between University of Agder (UiA) and Telemark University College (HiT) and the University of Stavanger (UiS) and Stord/Haugesund University College (HSH). The cases are quite similar when it comes to size and regional standing, but the processes differ in form of time-frame and involvement of internal and external stakeholders. The University Boards were divided in their opinions during the processes but ended in a unanimous vote in the last extra ordinary board meeting. Something has happened during the processes and this study aim to identify critical events and stakeholders that have affected the decision-makers' decision to terminate the process and by that stand alone in a time of mergers.

Keywords: Higher Education, Decision-making, Mergers

The originality of this thesis has been checked using the Turnitin OriginalityCheck service.

## PREFACE

This thesis marks the end of a NORDIG journey. Over the past two years I have been able to study topics of interest and experienced a great support to angel my writings towards my biggest passion; Higher Education.

Being a student has given me great opportunities to engage in student politics, which have given me great insights in how universities work as organizations and how decisions are made. This have been of great value when writing my thesis. Being a student has also given me friends for a lifetime, and over the past two years I have had the privilege of being a part of the NORDIG family. This have given me amazing friends from all over the world, and these people have supported me through four semesters of traveling. The experiences we have had together will stay in my memories for ever.

I want to address a word of thanks to my supervisor, Romulo Pinheiro, who has been of great support and safely guided me through the thesis process. I also want to thank all of my friends and family for their love and support throughout the process, and a special thanks to those who have contributed in the data collection. Without you, it would never have been a thesis.

# ABSTRACT

The development in the Higher Education (HE) sector has for the past decade been characterized by structural changes in form of government-initiated mergers. The aim of such structural changes was to enhance the quality by concentrating the resources in fewer but stronger institutions. The signals from the Ministry of Education and Research about such changes was the start of a wave of mergers in the sector, which over a few years resulted in a decrease in the number of Higher Education Institutions (HEI) from 33 to 21. However, not all of the negotiation processes about potential mergers turned out to be successful.

This thesis is a comparative case study that is looking at the decision-making process, and what may have influenced this, towards a decision not to merge. The cases in this study is the negotiations between University of Agder (UiA) and Telemark University College (HiT) and the University of Stavanger (UiS) and Stord/Haugesund University College (HSH). The cases are quite similar when it comes to size and regional standing, but the processes differ in form of time-frame and involvement of internal and external stakeholders. The University Boards were divided in their opinions during the processes but ended in a unanimous vote in the last extra ordinary board meeting. Something has happened during the processes and this study aim to identify critical events and stakeholders that have affected the decision-makers' decision to terminate the process and by that stand alone in a time of mergers.

The following research question is formulated: *Which critical events and stakeholders has affected the decision-making process in the merger negotiations at the University of Agder and the University of Stavanger?*

In order to identify such events and stakeholders, I have conducted interviews from representatives in the University Boards at the time of the merger process and conducted a document analysis as a tool in order to be able ask the right questions and to strengthen the information received from the interview. This has formed the base for a process tracing methodology. The theoretical framework is built on two theoretical pillars: *decision-making theory* and *stakeholder theory*. Decision-making theory centre around organizational characteristics that may have an impact on how an organization make decisions. These characteristics further form the base for five decision-making models. The second pillar is stakeholder theory, which is important for identifying stakeholders that are important to an organization and how important they are in order to a stakeholder hierarchy.

The empirical data show that the theoretical pillars are quite overlapping as stakeholders have an impact on the perspectives that is characterising the organizational decision-making. The findings also indicate the two processes are quite similar in the beginning of the processes when it comes to who and what have influenced the merger initiate, but that the organizations further have quite different approaches towards the decision. Due to the different approaches, the internal and external factors that have affected the processes also differ, before the processes again share similar characteristics as a result of the impact of similar factors.

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# 1.0 INTRODUCTION

This chapter provides some historical background on the development of the HEI-sector from an international and national perspective. The chapter especially addresses the development of HE in Norway and how the history has affected the implementation of the structural reform.

## 1.1 Background

The Norwegian Government presented a structural reform in 2015 that aimed to increase the quality in Higher Education (HE) and research by gathering the resources in fewer, but stronger institutions. However, Norway was not the first country to implement such a reform. Structural reforms in HE are not only seen in Norway, but have also been evident across the world. In Europe, the reforms in HE are characterized by efficiency, effectiveness and quality, aiming to modernize HEI (Frølich & Christesen, 2018). As a result, a total of 93 university mergers were recorded between the year 2000 and 2015, and even though mergers among non-universities were not recorded, there are reasons to believe that the number of mergers also have increased among these institutions (Williams, 2017a).

These mergers also view the structural changes that are seen in the HE system in the Nordic countries. The development in the HE-sector in the Nordic countries points in the direction from an equality oriented sector to a more pyramid like structure where a few research oriented universities in the top while the base consists of universities which are not allowed to offer doctorates (Finland) or master's degrees (Denmark) (NOU 2008:3). In the beginning of this decade, Denmark experienced a movement towards concentration of HEIs (Ahola, Hedmo, Thomsen, & Vabø, 2014, p. 27). These changes led to mergers within the HE-system resulting in a decrease in the number of institutions, aiming to increase the quality of research, achieve a more competitive environments within universities and a closer connection between research and education (NOU 2008:3; Aagaard, Hansen, & Rasmussen, 2016). Even though it was up to the individual institutions to decide whether they wanted to merge or not, the institutions experienced strong pressure from the Danish government. The HEIs experienced that mergers would give potential benefits, which made it hard to refuse, but at the same time the top-down initiative was persistent and coercive. These elements contributed to characterize the Danish merger process as a complex hybrid between top-down and bottom-up initiatives, which has resulted in a strong concentration of research funding and academic talents (Ahola et al., 2014, p. 27; NOU 2008:3; Aagaard et al., 2016).

Finland has aimed to achieve the same goals as Denmark, but the process has as a contrast to the Danish process been based on what the institutions want (NOU 2008:3). Finnish HE has since the 1990s experienced several rounds of structural changes, and in 2006, the Ministry of Education issued a discussion paper on the structural development of the HE-system aiming to concentrate resources on fewer institutions (Williams, 2017b; Aarrevaara & Dobson, 2016). About a decade later, a report from the Ministry found that further university mergers would be beneficial in order to become more competitive in the international competition, more specialized and in order to increase the quality. The result of this structural change has become evident the past few years as merger processes between polytechnics and universities also have been initiated (Kunnskapsdepartementet, 2015; Williams, 2017b).

Due to internal and external pressure, Sweden has been through a continuous reform process. These reforms have affected the size, operations and management of HEIs. As a result, it was in 2017 suggested a reduction in the number of universities aiming towards stronger institutions in order to be better prepared to face the international competition. Institutional mergers have in the past few years been the only way for university colleges to achieve university status in Sweden, which is another reason for HEIs to seek a more mutual committed collaborations (Kunnskapsdepartementet, 2015; NOU 2008:3). The mergers between Swedish HEIs have been voluntary, but the institutions have to a great extent felt a pressure from the Government (Kunnskapsdepartementet, 2015).

The development of the European HE-sector the past few years has had an impact on how the Norwegian HE has developed over the years. As an EEA-member, Norway does participate actively in the EU's programmes for education and research, and it is especially the Bologna-process and the Lisbon-strategy that have affected Norwegian HE (NOU 2008:3). The main goal of the Bologna-process was to create an open European HE-area within 2010, focusing on the cultural role and economical aspects. Norway was one of the first countries to implement the main elements from the process as a part of the Quality Reform in 2003, which is seen as one of the biggest steps towards turning the Norwegian HE-structure towards international trends (ibid.). Further, the Lisbon-strategy argues that Europe's ability to compete in the global knowledge economy is weakened due to that the HEI fail to meet the rapidly increasing need for competence on a higher level. Based on this, the EU passed a competitiveness strategy which has been an important driving force in promoting reforms in European HE and development in Norwegian HE (NOU 2008:3; Nærings- og handelsdepartementet, 2004).

When looking into the development of Norwegian HE there are several important reforms and changes that is worth mentioning. First, in the end of the 1980's, due to an unplanned development, there were over 100 HEIs in Norway, including private university colleges. Based on the increase in HEIs, the Hernes-committee was appointed in 1987. Their mandate was to look into organizational solutions for merging HEIs or a solution for more formal collaborations between them. The committee recommended that there should be a greater focus on specialization in and between the universities, and that the university colleges should be merged in combination with increased specialization (NOU 2008:3). The overall aim was to reduce the number of institutions, create bigger and more multidisciplinary institutions, and arrange for better resource utilization and better condition for academic development (Kyvik, 2002; NOU 2008:3). The Hernes-committee's work resulted in the University College Reform in 1993, where existing colleges were merged into new state colleges. The result of this structural change was that the number of HEIs decreased from 98 smaller colleges to 26 state colleges (Kyvik, 2002). Further, the University College Reform resulted in more visible university colleges and contributed in giving the institutions a more professional standing (NOU 2008:3). Another important change in the 1990's was the growing autonomy resulting in that the sector went from a great control in details and micro-management to a top-down spending limit. Lastly, in 1995 the state colleges were included under the same act as the universities, called the Act of University and Colleges (Kyvik, 2002; NOU 2008:3).

The next big change in the sector, after the University College Reform, was the Quality Reform in 2003. The reform aimed to increase the quality in Norwegian HE by implementing a new financing system, new leadership- and management structure, and increased institutionalized autonomy (NOU 2008:3). Even though the reform tackled some challenges in the sector, the quality enhancement did not meet the Governments requirements. The Government especially pointed their focus towards small research environments and small HEIs with declining recruitment (Kunnskapsdepartementet, 2015). In order to investigate the remaining challenges thoroughly, the Stjernø-committee was appointed in 2006, with a mandate to evaluate the further development of Norwegian HE in correlation to the development of the society the next two decades. In their report, the committee pointed back to the Lisbon-strategy saying that an increasing number of countries are concentrating on HE and research as a source for innovation and value creation. This development also challenged the Norwegian HE-sector as the demands for international quality was continuously increasing (NOU 2008:3). The challenges that The Quality Reform failed to tackle are again addressed by the Stjernø-committee, such as that there are several institutions that are struggling with student recruitment, lack of quality in study programmes and diversification of educations and academic environments (NOU

2008:3). Several of the challenges that were pointed out in the committee's report are also addressed by the Organization for Economic Co-operation and Development (OECD) in their report on Norwegian HE from 2009. The OECD points out that the structural changes has been negligible after the University College Reform and they recommended an evaluation of the university colleges' role compared to universities with similar academic environments (NOU 2008:3; OECD, 2009).

When the Stjernø-committee presented their recommendations in 2008 they pointed out four possible ways towards a new structure in the HE-sector; a *multi-campus model*, a *binary model*, a *network model* and a *process model* (NOU 2008:3). The multi-campus model aims towards a merger between universities and colleges in the same geographical area and the binary model suggests that the colleges in one geographical area merge, and that the universities stay unmerged. The network model aims to increase the collaboration between the universities and colleges where the master's degrees and doctorates are divided between the institutions without any mergers. The process model states that the institutions that do not fulfil the minimum requirements are imposed to start a merging process (NOU 2008:3). The Stjernø-committee finally concluded that a combination of three out of these four models would be the best match for the future HE-sector.

The government followed up on the committee's recommendation and encouraged HEIs to seek a merger with each other, as the challenges identified was believed to be improved by a structural change in the university-college landscape. For this reason, it was sent a letter from the Ministry of Education and Research to all public HE in 2014, asking for suggestions regarding the future structure of the sector. The challenges mentioned in this letter are related to small research environments and scattered educational offers with a decrease in the number of new students, and the Ministry argued that it was necessary to concentrate the resources on fewer and stronger institutions (Kunnskapsdepartementet, 2015). However, the encouragement did not lead to any big changes, and the initiative based on voluntary merges had collapsed, and in 2015, the Minister of Higher Education and Research stated that more mergers would take place in the near future (Pinheiro, Geschwind, & Aarrevaara, 2016). As a result of more or less forced mergers, the number of HEIs in Norway has been reduced to 10 universities, and in total 21 HEIs per 1. January 2017.

As a result of the structural reform, the number of higher education institutions has been reduced due to mergers. Before the mergers, there were 33 HEIs in Norway, which now are reduced to 21. The figure below shows that it has been some evident changes in the HE-landscape and the different colours show which institutions that have merged with whom the past few years. Some university-

colleges have later achieved university status, and four private colleges have merged to VID Specialized University. The figure further shows that the structural reform has created bigger institutions that expand over big geographical areas. However, it is also made clear that some HEIs have chosen to stand alone after previous attempts to negotiate mergers. These are, among others, University of Agder (UiA) and the University of Stavanger (UiS). However, even though the biggest wave of mergers has calmed down there are still HEIs that are open for mergers. For example, the University of Bergen has publicly expressed that they are open for merger negotiations with Volda University College (NRK, 2019). The reform has not just affected the HEIs, but also organizations connected to the. The Student Welfare Organizations are also re-organized, which the students at the same institution can relate to the same Welfare Organization independent of the campus they belong to.

### SAMMENSLÅTT 1.1. 2016

#### Universitetet i Tromsø - Norges arktiske universitet (UIT)

-  Universitetet i Tromsø  
- Norges arktiske universitet
-  Høgskolen i Harstad
-  Høgskolen i Narvik

#### Nord universitet

-  Universitetet i Nordland
-  Høgskolen i Nesna
-  Høgskolen i Nord-Trøndelag

#### Norges teknisk-naturvitenskapelige universitet (NTNU)

-  Norges teknisk-naturvitenskapelige universitet
-  Høgskolen i Sør-Trøndelag
-  Høgskolen i Gjøvik
-  Høgskolen i Ålesund

#### Høgskolen i Sørøst-Norge

-  Høgskolen i Buskerud og Vestfold
-  Høgskolen i Telemark

#### VID vitenskapelige høgskole

-  Diakonhjemmet høgskole
-  Misjonshøgskolen
-  Haraldsplass diakonale høgskole
-  Høgskolen Betanien

### SAMMENSLÅTT 1.1. 2017

#### Universitetet i Bergen

-  Universitetet i Bergen
-  Kunst- og designhøgskolen i Bergen

#### Høgskulen på Vestlandet

-  Høgskolen i Bergen
-  Høgskolen i Sogn og Fjordane
-  Høgskolen Stord/Haugesund

#### Høgskolen i Innlandet

-  Høgskolen i Hedmark
-  Høgskolen i Lillehammer

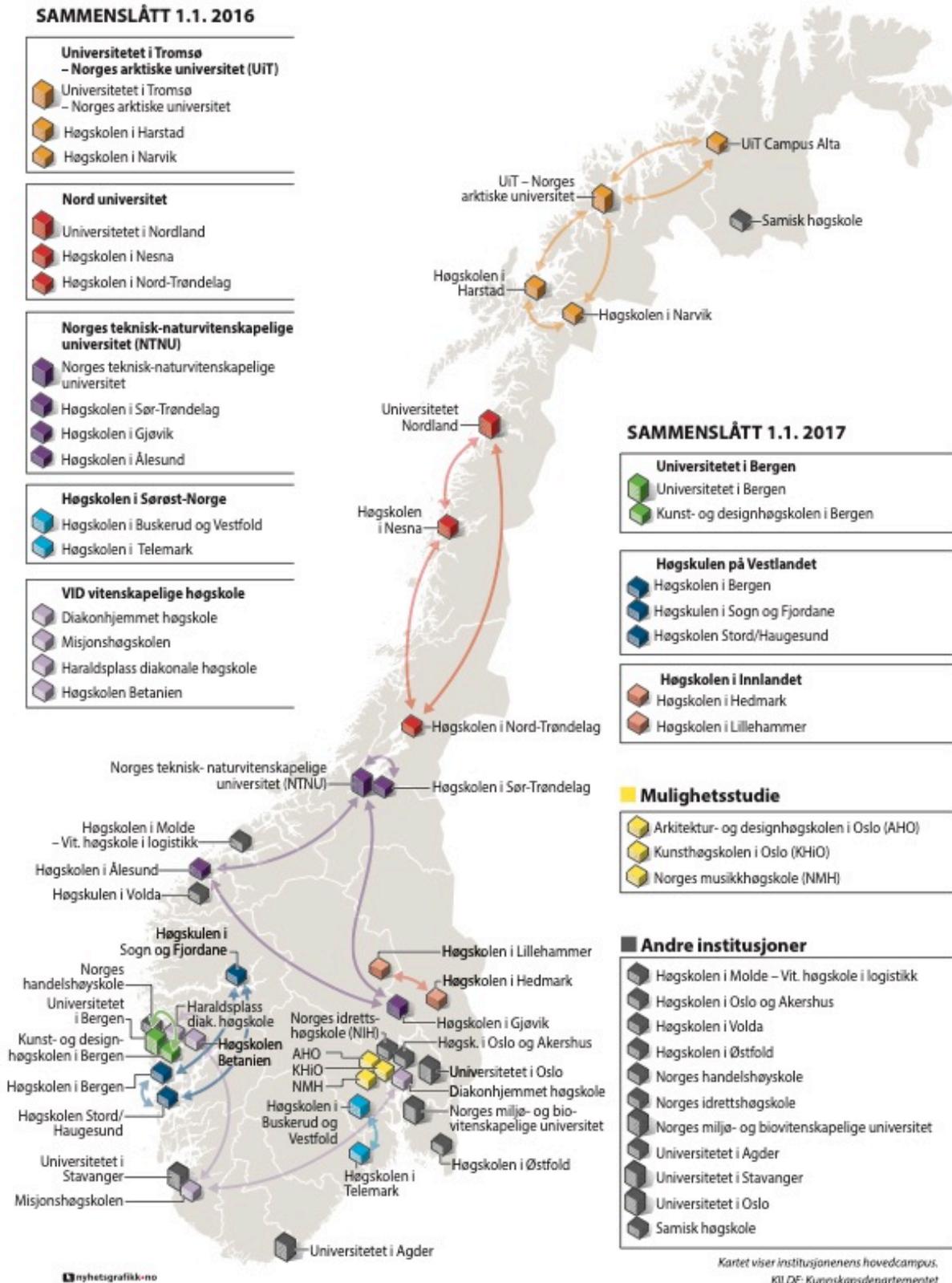
#### Mulighetsstudie

-  Arkitektur- og designhøgskolen i Oslo (AHO)
-  Kunsthøgskolen i Oslo (KHIO)
-  Norges musikkhøgskole (NMH)

#### Andre institusjoner

-  Høgskolen i Molde – Vit. høgskole i logistikk
-  Høgskolen i Oslo og Akershus
-  Høgskolen i Volda
-  Høgskolen i Østfold
-  Norges handelshøgskole
-  Norges idrettshøgskole
-  Norges miljø- og biovitenskapelige universitet
-  Universitetet i Agder
-  Universitetet i Stavanger
-  Universitetet i Oslo
-  Samisk høgskole

Kartet viser institusjonens hovedcampus.  
KILDE: Kunnskapsdepartementet



nyhetsgrafikk.no

Figure 1 Structure map 2018. Adapted from (Kunnskapsdepartementet, n.a)

## 1.2 Research aim and problem

This study uses a multiple-case design in order to identify which critical events, stakeholders and organizational characteristics that have been conclusive in the decision to terminate a decision-making process. I will look in to the merger process at UiA and at UiS. The two institutions share similarities related to history and institutional characteristics, which makes it interesting to see if two institutions with so many similarities experience the same internal and external factors as conclusive in the merger process. The literature review (chapter two) shows that research on mergers in HE is not new, but the scientific position has been on the factors that should be evident in order for a merger to be categorized as successful, and how external stakeholders is an important actor towards such a goal. Previous research has also looked into the role of management and culture in such processes. However, previous research is not sufficiently addressing the relation between all these factors. A decision-making outcome is often not a result of only one single event or actor, but a combination. This study will therefore aim to identify relevant internal and external factors in the decision-making process and identify stakeholders that have been important towards a conclusion not to merge. This is done by asking the following question:

*Which internal and external factors have affected the decision-making process in the merger negotiation at the University of Agder and the University of Stavanger?*

## 1.3 Organization of the study

The two first chapters of this study provides some context on the chosen topic and addressed previous research on the topic, which has been important when formulating the research aim and research question. Chapter three presents the theoretical framework consisting of two theoretical pillars: decision-making theory and stakeholder theory. The first pillar is crucial for understanding how decisions are made in organizations with different perspectives, and addresses decision-making models based on instrumental and institutional organizational characteristics. The second pillar addresses how the organization interacts with the internal and external environment and the relationship between stakeholders and organizational perspectives. Chapter four outlines the

methodology by addressing both the research method used and how the data is collected. The thesis is a qualitative study and build on a case study supplemented by process tracing. Process tracing is used as in order to answer the research question there is a need to track historical events throughout the merger process in both of the cases. The data collection is based on a triangulation of interviews and documents analysis, where the interviewees are previous board members in their representative institutions. Chapter five and six carry out an analysis based on the empirical findings and aim to draw a conclusion. The outline of the discussion chapter is highly connected to the theoretical framework. As both cases need to be addressed thoroughly the findings are presented separately before comparing the findings. The findings are addressed in relation to critical events, instrumental and institutional perspectives and stakeholders. The chapter will first address both cases individually before comparing the findings in relation to the theory before drawing a conclusion.

## 2.0 LITERATURE REVIEW

This chapter looks into previous research on mergers in HE, both on an international and a national level. The research addressed identify factors, which is believed to drive merger initiatives and factors that may have an impact on the outcome of the process. The factors refer to organizational characteristics and culture, management and external stakeholders.

### 2.1 Internal and external factors affecting mergers

On an international level, Skodvin (1999) aims conclude on reasons why mergers are successful by focusing on the factors driving a merger and how the merger processes have been, and based on this looking at the outcome of the merger. He further points to pressure from the educational authorities as one of the drivers towards an involuntary merger, and that such top-down mergers often are connected to a high degree of tensions and conflicts among the employees. Even though involuntary, top-down initiated mergers are the most common, bottom-up mergers has according to previous literature been more successful. Skodvin (1999) addresses several reasons for this. First, he points out that newly merged institutions have a better chance to create consensus among partners and for the future goals, and that a bottom-up process is better when trying to create a common identity among new staff. However, mergers do not just result in structural changes. It also promotes institutional changes including the need to abandon excising forms of governance, change in the institutional norms, objectives and academic programmes and organizational procedures (ibid). In the same article Skodvin (1999) addresses whether a merger is successful or a failure by dividing the findings into three categories: structural-cultural reasons, process oriented reasons and economic reasons. These findings in highly correlating to research on HE-mergers conducted by Kyvik and Stensaker (2013), who examine why some merger initiatives within Norwegian HE have successfully reached the decision to merge, while others have not. The study addresses five factors related to internal and external characteristics of the institutions involved in the mergers, such as the number of institutions in the merger process, the size of the institutions, the academic profiles, geographical aspects and type of institutions.

Geographically and cultural difference is identified as one of the main reasons why mergers fail and is by Skodvin (1999) linked to structural-cultural reasons for why, or why not, a merger can be viewed as successful. These reasons further conclude that the larger the differences between the institutions involved in the merger are when it comes to academic differences and differences in the size of the

institutions, the higher the probability is for a for a successful merger (ibid.). These findings are in line with the findings by Kyvik and Stensaker (2013). Their research show that merger processes where the institutions involved had a great academic and geographic distance was less likely to have a successful outcome. The authors further address that a two-partner merger seemed to be key factor for that negotiations ended in a merger compared to a multi-partner merger. This indicates that negotiations and personal interactions between leaders, administrative and academic staff are essential for creating mutual understandings across organizational cultures (Välimala, Aittola, & Ursin, 2014). The process-oriented reasons refer to the decision between the external needs to merge and the internal desire to maintain traditional. One of the reasons for this tension is the fear that implementation of organizational goals often occurs at the cost of the individual needs, and how this will affect the development of a new institution (Skodvin, 1999). Lastly, the economic reasons for whether or not a merger is successful centre round external factors as access to resources (ibid.). This can also relate to the drivers behind many merger initiatives, such as increased competition for students and resources, efficiency, university status and development of academic profile and research (Kyvik & Stensaker, 2013; Pinheiro, Geschwind, & Aarrevaara, 2013).

## 2.2 Leadership and culture in merger processes

The cultural aspect is emphasized as one important factor in a merger process and Skodvin (1999) points out cultural distance as one main reason why mergers fail. Further, Välimala et al. (2014) address a mutual understanding across organizational cultures as essential in negotiations and personal interactions between leaders, administrative and academic staff. This indicates that culture and leadership are highly connected, which is addressed by several scholars (Harman & Harman, 2003; Kyvik, 2002; Locke 2007). Harman and Harman (2003) point out the importance of strong, effective and creative leadership, often due to cultural challenges. This is addressed as particularly important in the challenge of managing between divergent campus cultures into one coherent educational community of cultural integration. Locke (2007) elaborates on the similarities and differences between management and cultural characteristics of two merging colleges aiming to advice on the implications of the merger of management styles and organizational cultures. The author further emphasizes the importance of strong, creative, adaptive leadership and a leader who are capable of dealing with a turbulent environment and external bureaucratic requirement. At the same time, the leader needs to balance a change process with the traditions, which characterize the institutions involved in a merger process (ibid.). In his concluding remarks, Locke (2007) addresses

that management styles and the existing cultures and subcultures of two institutions need attention in order to avoid unintended and undesirable consequences.

It becomes evident that culture and leadership are highly connected, and several scholars have addressed the importance of leadership throughout a merger process in particular. Harman and Harman (2003) point out the importance of strong leadership in the negotiation phase of a merger process in order to ensure a successful merger, while Kyvik (2002) emphasizes the importance of leadership in the implementation phase due to goal attainment. Nevertheless, both vague and over-optimistic leadership and management might have a negative effect on the merger outcome as vague leadership might lead to a failed merger, while over-optimistic management might lead to an ill-advised merger decision (Bogan & Just, 2009; Harman & Harman 2003; Kyvik, 2002). However, Harman (2002) points out that top-management is the most important factor in the success of a merger.

## 2.3 The role of external stakeholders in merger processes

The role of external stakeholders is also addressed in a study conducted by Magalhães, Veiga, and Amaral (2018). The study aims to identify how Rectors and the Government view external stakeholders and their role in decision-making processes in the HE-sector. In order to assess the extent to which external stakeholders are influencing the board, they analysed the perceptions of the Rectors and Senate members in several European HEIs. The general findings show that both groups considered external stakeholders as competent in their tasks, although they did not have too much decision-making power and were considered to play a minor symbolic role. Although external stakeholders were not considered to have power in decision-making processes their role in the processes are viewed as important (Magalhães et al., 2018). Further, Cai, Pinheiro, Geschwind, and Aarrevaara (2016) address that mergers can be initiated as a response to external pressure, internal challenges, or strategic actions. They argue that one of the “success-factors” for a merger is that the merger is compatible with the institution’s internal and external environments. Further, Stensaker, Persson, and Pinheiro (2015) point out the positioning of internal, and especially external, stakeholders in a merger process. Through a case study analysing the merger process between three university colleges in Norway, they investigate the external context surrounding of merger attempts rather than internal process issues.

The organization's internal and external environment are further brought up by Stensaker et al. (2015) who argue that developments in HEIs are highly dependent on an agreement between the business and industries, governments and the HE-sector. The authors further address the importance of external stakeholders who support successful merger attempts, as this may have a substantial influence over the outcomes. There are three aspects that is important to address in relation to this. First, it is natural that external participants in decisions generally think more about the advantageous than the disadvantageous (Skodvin, 1999). Second, it often is easier to see the merger-process from the outside, making it easier to spot merger attempts that do not have potential to success (Stensaker et al., 2015). Third, while the interest of governments and business often point in the same direction, conflicts occur when specific regional or economic interests overrun these interests. The outcome will increase the HEIs decision-making power, which emphasize the importance of external alignment between the external stakeholders (ibid.). However, some scholars have expressed their scepticism of stronger external influence in university decision-making and suggests that it symbolizes academic capitalism and breaks with the university as a cultural institution (Bleklie, 2007).

### **3.0 THEORETICAL FRAMEWORK**

This study aims to address critical events and stakeholders that have had an impact on the decision to terminate a merger process between HEIs. There are several organizational factors that may affect such a decision, and these are addressed in relation to decision-making theory. Further, the literature review addresses the importance of stakeholders' influence on a decision-making process, and for this reason, the theoretical framework consists of two core pillars; *decision-making theory* and *stakeholder theory*. The relationship between the two pillars is pointed out by Donaldson and Preston (1995) who divide stakeholders into several concepts which reflects on the organizational perspectives related to organizational decision-making. The concepts are related to both organizational characteristics and behaviour, which are related to the institutional characteristics of an organization. The authors further address the instrumental concept, which aims to connect stakeholders to goal achievements, and also how structure and behaviour of an organization have an impact on how decisions are made.

## 3.1 Decision-making theory

Decision-making theories are important in order to understand how organizations work in the context of the organizational structure and culture. Such organizational perspectives are interdependent on each other, meaning that the organizational structure will have a great impact on the information collected, how the information is collected and who will be a part of the process. Further, decisions may also change the organizational structure, which again may affect the organizational culture

### 3.1.1 Human beings as rational decision-makers

The decisions that human beings make are often viewed as a reflection of the situation, which the decision-makers find themselves in. This is referred to as rational choices, and in an ideal world, such rationality is perfect and the decision-maker has perfect knowledge of all alternatives and what consequences these alternatives will bring (March, 1994, pp. 3-4). Such decision-making is further linked to logic of consequences. From this perspective, the decision-maker aims to make choices based on the possible alternatives, the future consequences that might follow the chosen alternative, how valuable the consequences are and how a choice is made. A rational choice is done through answering four questions about; the possible actions; the consequences following that action; how valuable are the consequences to the decision-maker and how is a choice made the alternatives in terms of the values of their consequences (ibid, pp 2-3) .The idea aims to rank all the alternative solutions in order to the identified problem, and this will make it possible to choose the alternative that achieve the highest rationality. However, as the reality is uncertain the theory of perfect rationality assume that the actor will choose the alternative with the highest expected utility (Allison & Zelikow, 1999, p. 20). Perfect rationality is often linked to the “economic man” who has a complete overview of all alternatives that allows him to always choose the best alternative in a given situation (Simon, 1997, p. 87).

However, in reality, all the alternatives are not known, and all the consequences are not considered (March, 1994, p. 8). Such bounded rationality recognizes the limitations in our knowledge and information when decisions are made. Further, it acknowledges that the consequences are highly uncertain and looks for a course of action that is satisfactory (Simon, 1997, p. 119). This is linked to logic of appropriateness and those pursuing this will aim to fulfil roles by recognising situations and follow rules that match the appropriate behaviour to the situation they are in (March, 1994, p. vii) Such a procedure asks the decision-makers what kind of situation they are in, what kind of person

they are, what kind of organization they work in and what they should do in an organization or situation like the one they find themselves in (ibid, p. 58).

### 3.1.2 Organizational perspectives

How decisions are made within an organization depend on the organizational approach. The instrumental perspective is characterized by a formal structure, meaning that who is doing what in the organization is set through formal positions and is unrelated to the person in that position on a given time. The formal structure is often referred to as bureaucratic and hierarchical, which includes a prioritizing of the different vertical levels in the organization. This also includes vertical and horizontal specializing, meaning that different tasks are delegated to different levels in the organization and to concrete positions (Christensen, Egeberg, Lægreid, Rolness, & Røvik, 2015, p. 38). The complexity of the organization may affect how the organization attends to goal achievements. The organization can be viewed as either hierarchical and unitary, or compound with conflicting goals. Conflicting goals and interests are often met by negotiations, and coalitions and power struggles may occur. When decisions are made in complex organizations the outcome of a decision-making process is often characterized by negotiations resulting in compromises in order to achieve the organization's goals. We can say that the organization consists of coalitions where the single units are acting in line with their interests, resulting in conflicts where the winning coalition often is the one that have succeeded in being the dominant one. However, the outcome may be either that a dominating coalition achieve their goals, or that the actors negotiate and compromise (Christensen et al., 2015, pp. 45-46).

Whereas the instrumental perspective is characterized by a formal structure where the organization is viewed as an instrument aiming to achieve a set goal, the institutionalized organization has established a strong organizational culture consisting of informal values and norms. Informal characteristics emerge as patterns as a consequence of organizational interaction and adaption, and its responses to both internal and external environments (Christensen et al., 2015, p. 62; Selznick, 1996). The patterns comprise a rejection of humans as rational actors and turn toward cognitive and cultural explanations which leans in the direction of heterogeneity and the differences between organizations. This builds on a cultural perspective within institutionalism (Christensen et al., 2015, p. 212; Selznick, 1996).

A second approach to institutional organizations is the myth perspective within institutionalism that is said to be characterized by routine procedures. Such will foster homogeneity amongst organizations

operating in similar organizational fields due to trends in the internal and external environment. Examples on such are the health sector or higher education sector (Christensen et al., 2015, p. 212; Selznick, 1996). This is linked to isomorphism which addresses how organizations tend to model themselves after similar organizations that are responding to the same set of environmental conditions and are viewed as more legitimate or successful (DiMaggio & Powell, 1983). DiMaggio and Powell (1983) identify three types of isomorphism: *coercive*, *mimetic* and *normative*. Coercive isomorphism refers to political influence and the problem of legitimacy as a result of formal and informal pressure on organizations by other organizations that they are dependent on. Such pressure might lead to organizational change as a direct response to government mandate. The mimetic process addresses uncertainty as a force that encourage imitation. This does especially happen when the goal is unclear, and the environment creates uncertainty. The last type of isomorphism identified addresses normative pressure that points to professionalism as an important source due to formal education and professional networks. However, what is viewed as legitimate and successful by the external environment vary and is by some scholars addressed to as “fashions”. The latter is an explanation on how organizational ideas have great similarities of real fashion where rapid upswings are followed by equally rapid downturns. This theory is later developed further by Røvik (2011) who explain how ideas grow and spread like viruses before they fade away without any formal decision to reject them. He further addresses how viruses share important structural similarities with organizational ideas such as diffusion, contagion, immunity, adoption and effects.

### 3.1.3 Organizational decision-making models

Decision-making in organizations is highly linked to the organizational perspectives presented above. The models presented below show signs of both instrumental and intuitional characteristics. The instrumental models, the rational actor model and the negotiation model, are characterized by goal achievement, specialization and negotiations. The institutional models, the regulation model, the communicative rationality model, are characterized by cultural norms and external focus. The models are using the decision-making models outlined by Jacobsen and Thorsvik (2013) as a starting point for further elaboration.

#### 3.1.3.1 Instrumental models

##### *Rational actor model*

This model is highly connected to the instrumental perspective due to the focus on the organization's consciousness in realizing goals and making rational decision in order to achieve them. The great degree of specialization and delegation in the organization, which is often seen in instrumental organizations, gives an overview of who is doing what and how they are doing it in order to solve tasks. When tasks are delegated, the organization can to a greater extent move towards a more perfect rationality as specialization facilitates information gathering. This results in a more thorough basis for decision-making (Allison & Zelikow, 1999, p. 18; Jacobsen & Thorsvik, 2013, pp. 328-329). When looking at an organization as a rational actor, we can say that the organization aims to achieve perfect rationality where all decision alternatives towards reaching a common goal are known. This is, as seen earlier, referred to as perfect rationality.

### *Negotiation model*

This model refers to both the power politics and democratic decision-making. Whereas the power-policies leans more towards an instrumental perspective, a democratic decision-making model lean towards an institutional perspective. The latter has a culture that is dominated by democratic norms, and where a high degree of participation increases the legitimacy of the decision made (Helsabeck, 1973). A high degree of participation might however affect the power-balance between different groups within an organization (Birnbaum, 1988, p. 135). Organizations practicing these decision-making models might experience conflicting interest and goals, and coalitions and negotiations is the tool towards reaching a goal (Christensen et al., 2015, p. 45; Jacobsen & Thorsvik, 2013, p. 333). However, some of these groups are stronger than other but will never be strong enough to dominate at all times(Birnbaum, 1988, p. 135).

### *3.1.3.2 Institutional models*

#### *Regulation model*

Organizational behaviour is often characterized by procedures, professional standards, cultural norms (March, 1996). For example, most people in organizations follow rules even though it is not obvious to themselves that they do so (ibid). In this decision-making model it is often a set of guidelines to be followed that facilitate for efficient decision-making. However, as such organizations acknowledge the limitations of perfect rationality, the situation that the decision-makers find themselves in might

not fall into any given category of problem solving. As a consequence, a decision might not be made (Jacobsen & Thorsvik, 2013, p. 331; Selznick, 1996).

#### *Garbage can model*

The garbage can model is seen in organizations characterized by a complex environment and multiple interactions among actors, solutions and choices, and how these change over time. Decisions made according to such a model assume that external, time-dependent factors have an effect on choice opportunities, problems, solutions and decision-makers (March, 1994, pp. 198-200). This is in line with some of the characteristics of the myths of the institutional perspective which is responding to environmental conditions and employ external assessment criteria in order to promote successful organization (DiMaggio & Powell, 1983; J. W. Meyer & Rowan, 1977). It can be said that the model is characterized by a stream of decision-making possibilities, participants, problems and solutions, which creates a possibility to have several parallel decision-making processes in one organization (Jacobsen & Thorsvik, 2013, pp. 338-340). It is also important to address how the garbage can model facilitate for incremental decision-making where actors make decisions simultaneously, yet relatively independent of each other without any clear common goal. The decisions made will not create big changes, but rather incremental changes building on previous decisions (Jacobsen & Thorsvik, 2013, p. 336).

#### *Communicative rationality model*

The communicative rationality model focuses on collective thinking through communication between the management and employees throughout the organization. However, communicative rationality require that the actors involved have mutual expectations and understandings, which require open discussions, common language, mutual access to information and willingness to change opinions (Jacobsen & Thorsvik, 2013, pp. 334-335). These characteristics of the communicative rationality model, which gradually appear though collective thinking are connected to the institutional-cultural perspective.

#### 3.1.4 Decision-making in Higher Education organizations

HEIs are identified as complex organizations, and Birnbaum (1988) refers to four models which reflect how decisions are usually made in such organizations. First, he points to HEIs as *collegial*

*institutions* that are characterized by open discussions and a possibility to influence the outcome. This requires that participants feel that they have a fair chance to state their position and in that way are comfortable about supporting the chosen alternative even though it was not the desired outcome (Birnbaum, 1988, pp. 86-89). Collegial institutions share several of the characteristics of the democratic aspect of the negotiation model. Second, the *bureaucratic institution* has established organizational structures in order to create efficiency in achieving the organizational goal through standardized behaviour such as descriptions, rules and regulation, which aim to increasingly guide organizational certainty and efficiency (Birnbaum, 1988, p. 111). This is concurrent with the regulation model that addresses that organizational behaviour often is characterized by standards and procedures. Third, HEIs can be seen as *political institutions*, referring to the power-balance between different groups within an organization. Some of these groups are stronger than others but will never be strong enough to dominate at all times (Birnbaum, 1988, p. 135). For this reason, such structure is often characterized by development of coalitions, which is recognized from the negotiation model. A fourth model addressed by Birnbaum (1988, p. 154) is the *anarchical institution* which is characterized by problematic goals, unclear technology and fluid participation. All these result in unclear decision-making processes consisting of streams of problems, solutions and participants. The same stream is addressed in a garbage can decision-making model.

Decision-making in HEIs is not only based on the type of organization, but is also dependent on the organizational systems, such as how tightly coupled and open the system is. *Loose coupling* refers to a system where the departments are autonomous of each other but still not completely separate. They are still bound together as a part of the same system and are responding to each other which enable the organization to respond simultaneously to conflicting demands (Bess & Dee, 2012, p. 224; Birnbaum, 1988, p. 166). Loose coupled systems have an advantage in complex organizations as sub-units can be more sensitive and responsive to changes in different parts of its environment than a centralized organization (Birnbaum, 1988, p. 166). Nonetheless, such coupling can make the coordination of activities problematic and makes it difficult to use administrative processes to effect change. On the other side, tight coupled organizations tend to “freeze” in uncertain times as they are waiting for the leader to sort out the uncertainty and let everyone know what to do (Bess & Dee, 2012, p. 225). HEIs have received criticisms for being too loosely coupled, arguing that it would lead to ineffective decision-making and lack of responsiveness to the external environment. However, there are benefits as well, as partially independent and specialized organizational elements increase the institutions sensitivity to its environment (Bess & Dee, 2012, p. 225; Birnbaum, 1988, p. 41).

Also related to the HEI's relationship with the environment is how open or closed the system is. A *closed system* has boundaries that are relatively rigid and impenetrable which limit the kinds of interactions that take place with the environment. Such systems are linear and do not change, and cause and effect can be predictable with great accuracy (Birnbaum, 1988, pp. 30-35). In an *open system*, on the other hand, the boundaries are relatively permeable, and interactions of many kinds are likely to occur between the environment and many of the system elements. They are dynamic and non-linear and constantly change as they interact with the environment and the system evolve over time (Birnbaum, 1988, pp. 30-35).

## 3.2 Stakeholder theory

The second pillar of the theoretical framework is stakeholder theory. Freeman (1984) addresses the importance of stakeholders by emphasizing that groups that can affect the organization's direction should be considered in the strategic management process and he further bases his definition of stakeholders on this argument. A stakeholder is defined as "any group or individual who can affect or is affected by the achievement of the organization objectives" (Freeman, 1984, p. 46).

### 3.2.1 Stakeholder concepts

Stakeholder theories are often divided into three concepts that refer to how managers and stakeholders should act and behave. These have been defined as *descriptive, instrumental and normative* aspects (Donaldson & Preston, 1995). A descriptive stakeholder concept is often used to describe specific characteristics and behaviours within an organization, while the instrumental concept aims to identify connections between stakeholder management and the achievement of traditional corporate objectives. Lastly, the normative concept aims to interpret the function of the organization (ibid.). Donaldson and Preston (1995) further characterizes a descriptive aspect of stakeholder theory as a reflection of the past, present and future activities in an organization and their relationship to the stakeholder, which can be valuable when exploring new areas. The instrumental aspect aims to create a connection between the stakeholder approaches and desired objectives, and even though it does not specify the linkage between cause and effect such a link is more implicit. The normative aspect interprets the function of the organization and offers guidance about morals and philosophical principles. Linking back to decision-making theory organization, the two latter aspects express more or less appropriate choices regarding decision-making (Donaldson & Preston, 1995). However, Jones and Wicks (1999) address how a so-called convergent stakeholder theory, which is

a hybrid of the traditional concepts may be superior of the existing. They argue that a combination of normative core and the instrumental values makes it possible to describe stakeholder's behaviour. This means that the theory does not build on any behavioural assumptions, but instead assumes that human behaviour varies and is dependent on given circumstances, and thus aims to combine both moral and practical aspects (Jones & Wicks, 1999).

### 3.2.2 Stakeholder groups

There are many ways to categorize stakeholders, such as internal and external, and primary and secondary. *Primary stakeholders* are those who are crucial for the development and growth of the organization, while *secondary stakeholders* often are defined as those who can affect the organization's relationship with the primary stakeholders (Freeman, Harrison, & Wicks, 2007, pp. 50-51). However, not all stakeholder groups are equally important, and several scholars have created different approaches on how to create a stakeholder hierarchy. By distinguishing between important and less important stakeholders Freeman (1984) makes it possible to group and limit the number of stakeholders, and in that way create a hierarchal analysis of the stakeholders' behaviour and possible coalitions. Such coalitions between different stakeholder groups with similar interests are important to address as it may affect the power-balance. Stakeholders may either explicitly get together and plan a joint activity or more implicitly create an understanding to not interfere with each other's goals (Freeman, 1984, p. 135). What is of interest when analysing the behaviour of stakeholders is both the observed behaviour and the behavioural characteristics that could be observed in the future, as both help the organization to achieve its objectives and that would prevent achieving these goals (Freeman, 1984, p. 132).

Another way to identify the importance of stakeholders is to identify their positions through three attributes: *power, legitimacy and urgency* (Mitchell, Agle, & Wood, 2007). This perspective on stakeholders aim to prioritize them through defining who and what really counts in the stakeholder hierarchy. By looking into stakeholders' power to influence the organization, the legitimacy of stakeholders' relationship with the organization and the urgency of the stakeholder's claim it is possible to identify the distinction between important and less important stakeholders. Stakeholders who possess the power attribute will have the opportunity to bring forth the desired outcome based on their ability to impose their will in the relationship. Second, legitimacy is often referring to socially accepted and expected behaviour, which also is connected to the attribution of power due to people's attempt to evaluate the nature of relationships. Lastly, as an attribute urgency captures the dynamics

in an interaction based on time-sensitivity and criticality, which tells the organization something about how quickly the stakeholder calls for immediate attention (Mitchell et al., 2007).

While Mitchell et al. (2007) uses the three attributes to prioritize stakeholders depending on how many of the attributes the stakeholder hold, Freeman (1984) distinguish important and negligible stakeholders based on different strategies depending on the type of stakeholder and the degree of support, in order to seek out how to approach the stakeholders. The strategy indicates that supportive stakeholders should be met by an offensive strategy as the higher degree of support among the stakeholders the easier it is to guide them towards the organization's goals. If a stakeholder has been treated well in the past, it is more likely that the stakeholder accept the organization's decisions even though such a decision may be negative in the short term (Freeman, Harrison, & Zyglidopoulos, 2018). When Mitchell et al. (2007) later identified attributes to identify the stakeholders importance they address that the more attributes that the stakeholder groups hold, the more important they are to the organization. Stakeholders holding only one attribute are classified as *latent* and the stakeholders might not even be recognized the organization. However, stakeholders who hold two attributes are classified as *expectant*, while those who hold all three attributes are classified as *definitive*. To sum up, the more attributes which a stakeholder group hold the more important are stakeholders for an organization (Mitchell et al., 2007).

### 3.2.3 Stakeholders in Higher Education

HEIs are in daily contact with both internal and external stakeholders, and several scholars have tried to identify these. Marshall (2018) define internal stakeholders as those who participate in the daily life of the institution, such as faculty and non-academic staff, managers and students. He further addresses external stakeholder as groups or individuals that have an interest in the HEI, such as parents, society at large, the government representing collections of such stakeholders, nationally and internationally. HEIs are in a position where they need to balance the internal and external relations in terms of power and responsibility (Maassen, 2014). These responsibilities can be seen in relation to the mentioned attributes identified by Mitchell et al. (2007). The stakeholders' power can be identified by the growing pressure from the students, parents and legislations. However, the legitimacy attribute may show that the proper action is to supplement the stakeholders with other groups of interest. Lastly, the urgency attribute may say something about the stakeholders who are important in relation to environmental changes. Who is viewed as the most important stakeholder can also vary depending on the trends in the society, and new stakeholders may also gain one or more of

these attributes due to such changes in the environment (Benneworth & Jongbloed, 2009). Previous research has pointed out the important role of external stakeholders and it can be argued that change in the organization can be a result of decisions, actions and processes or development in its external environment (Maassen, 2014). HEIs are involved in a set of long-term cultural commitments between the HEI, political authorities and the society at large, concerning an appropriate set of rules for behaviour and mutual understanding between them (ibid.). The relationship between HEI and its stakeholders is important in periods of change, as policy-makers often aim to lay the foundation for HE reforms agendas and are trying to influence them (Olsen, 2007). However, Olsen (2007) questions what different institutions are supposed to accomplish for society and what kind of relationship the government and HEIs is supposed to have. The relationship with the government has over the years been developed towards more autonomy for the universities. Simultaneously the HEIs are more dependent an agreement between the business and industries, governments and the sector (Stensaker et al., 2015).

### 3.3 The study's analytical framework

This study addresses events and actors which have had an impact on the decision not to merge HEIs. This section has therefore addressed both how the organizational structure and culture and the stakeholders are related to how decisions are made in HE. The analytical framework below, show how these different factors are related to decision-making.

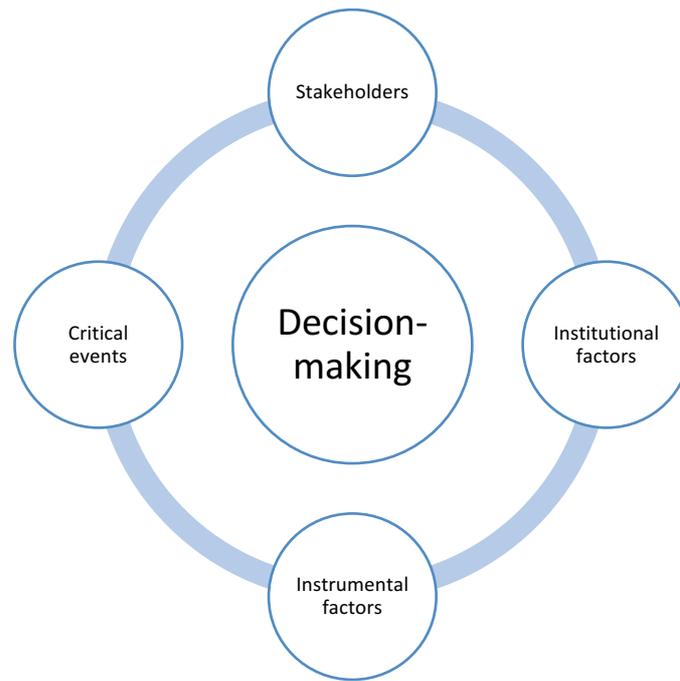


Figure 2 Analytical model

The decision-making process is the centre of this study, and the theory show that there are several factors that might have an influence on the decision made. The organizational characteristics have also been shown to have a great connection to the decision-making models presented. For example, the instrumental negotiation perspective is linked to stakeholders in such way that conflicting goals may result in negotiations and compromises between different stakeholder in order to choose the best possible alternative. Further, we have seen that stakeholder's degree of impact may vary due to their power, legitimacy and urgency, as stakeholders who possess power will have the opportunity to bring forth the desired outcome based on the ability to impose their will in the relationship. Further, we have seen that stakeholder's degree of impact may vary due to their power, legitimacy and urgency, as stakeholders who possess power will have the opportunity to bring forth the desired outcome based on the ability to impose their will in the relationship. This makes it clear that instrumental and institutional factors and actors have an impact on a decision-making process.

## 4.0 METHOD AND CASES

This chapter describes the methodology used, and the cases studied. I will explain the reasons for choosing a qualitative approach and process tracing, and further explain how the data is collected. The informants are representatives in the University Boards at the University of Agder (UiA) and the University of Stavanger (UiS) and are required to have been representatives at the time when the decision to remain a non-merged university was made. I will further explain why I have chosen the two cases in this research and present them.

### 4.1 Qualitative Approach

This study traces the negotiation process at the UiA and the UiS towards the decision not to merge with other HEIs in order to identify internal and external factors that have affected the decision-makers. This requires an in-depth understanding of the negotiation process and it is therefore natural to use a qualitative research, with a multiple-case study approach. A qualitative research tends to view social life in terms of a process, which is defined as a sequence of individual and collective events, actions and activities unfolding over time in context (Bryman, 2012, p. 402). Further, case studies seek to identify causes of outcomes for each of the cases studied through examining causal mechanisms in individual cases (George & Bennet, 2005; Masue, Swai, & Anasel, 2013).

### 4.2 Process Tracing

There is a lack of research on the decision-making in a merger process resulting in a negative outcome. As seen in the theoretical chapter, both organizational aspects and stakeholders are believed to have an impact on decisions made. This requires that I map out events and stakeholders that have been important throughout the process. For that reason, I build this research on an explaining-outcome process-tracing method, with an inductive approach. Process-tracing is often used in quantitative studies, as it aims to identify the relation between an independent variable and the outcome of the dependent variable and how they are correlated through a causal chain (Checkel, 2005). But it also focuses on the unfolding of events and situations over time, making it possible to characterize the steps in a process. Such provides a good analysis of the sequence (Collier, 2011).

Process-tracing can be divided into three approaches, whereas two are theory-centric and one is case-centric. The theory-centric approaches aim to test if a link between existing theory and

hypothesized causal mechanism exists, or to explain the relationship between a cause and an outcome by exploring the mechanisms linking the two (Beach, 2017; Masue et al., 2013). By combining these two approaches, we get a so-called case-centric approach to process-tracing. This is an explaining-outcome process-tracing, where the aim is to explain an interesting outcome (Beach & Pedersen, 2013, p. 18). Explaining-outcome process-tracing aims to trace causal mechanisms in order to produce a comprehensive explanation of a particular historical outcome (Beach, 2017). However, in most cases the existing literature cannot provide sufficient explanations, which require an instructive approach where empirical evidences are used to build a better explanation (Beach & Pedersen, 2013, p. 20). My goal is not to trace causality, but to trace those events and stakeholders in order to gain a holistic understanding of the process, and to map out internal and external factors, such as critical events and stakeholders that have had an effect on the outcome.

### 4.3 Data collection

Process tracing as a methodology requires a variety of sources when collecting data. The sources included in this research are interviews with key informants, project documents, minutes and illustrative materials that form a part of the process. Multiple sources of evidence will increase the validity of the research, and is viewed as valuable in the data collection as it has been a few years since the merger process and people's memories tend to be filtered (Yin, 1981; 2009, p. 114). In order to gain the most realistic picture of the process and to be able to identify the events, I consider it important to conduct a document analysis of project documents, minutes and news articles. This will not only be helpful when analysing the information from the interviewees, but also useful in the interview situation. For me to have an overview of the process before meeting with the interviewees gives me insight to which events and factors they are taking about, which will make it easier to ask relevant follow-up questions.

By combining two qualitative methods, I am able to analyse the case from two different perspectives, which will reduce the impact of potential biases that may exist. This is referred to by as triangulation. I am using data drawn from documents in order to contextualise the data collected during interviews and provide supplementary research data that contribute to valuable additions to the knowledge base. Further, documents will provide means of tracking change and development through periodic and final reports in order to get a clear picture of the process. Most important for this study is that documents can be analysed as a way to verify findings and strengthen evidence from the interviews (Bowen, 2009).

### 4.3.1 Interviews and Document analysis

In this study I am interested in the informants' recollection of different aspects of the merger process, and for that reason the one part of empirical data was collected through interviews (Beach & Pedersen, 2013, p. 134). For the interviews I created an interview guide that provided me with some superior questions and topics, but as I found it important to be able to ask supplementary questions during the interview as there was a possibility that the respondents would provide information about events and the underlying context of events. Because such information was important to follow up even though it was not provided in the interview guide, the interviews were semi-structured (Beach & Pedersen, 2013, p. 134; Bryman, 2012, p. 471). For the interviews I aim for maximum variation sampling to ensure as wide variation as possible in terms of the dimension of interests (Bryman, 2012, p. 419). The University Board consists of 11 representatives including the chairman of the board, four internal, four external and two students. The internal board members represent academic staff, technical and administrative staff and students. In addition to this, there are temporary employees represented in the University Board and therefore also considered as an internal stakeholder even though they often are categorized under either academic or technical and administrative staff. Both internal and external groups are represented in the sample of informants where fifty percent of the stakeholders in each group are represented. However, due to the lack of responses from the UiS, the sample consists of four informants rather than five. The interviews were arranged as conversations between me and the informant, using the interview guide as a guideline for the conversation. As all the informants were Norwegian, the interviews were conducted in Norwegian. The interviews were conducted either face-to-face, over phone or skype due to geographical distance. The interviews were recorded according to official requirements, and later transcribed. The transcribing of the data consists of notes that thoroughly summarize the key points of the conversations. In order to guarantee anonymity for the informants they are all given a number where informant one to five are informants from UiA and six to nine from UiS.

I have also conducted a document analysis, as this is particularly applicable to qualitative case studies. The document analysis systematic review or evaluate the documents that are produced, shared and used in socially organized ways. The document analysis is used in order to corroborate the data found in the interviews, and further give an indication on whether this data needs to be investigated further, especially if the data is contradictive (Yin, 2009, p. 103). The sample of documentation aims to achieve a high degree of variation between external and internal documents, and variation between insights from the private and public sector. The documents available in the UiA case include hearing

answers from the faculties, hearing answers from about 20 external stakeholder organizations and case presentations and minutes from the board meetings. Further, there are some reports available, both preliminary and final which form the basis for the timelines presented in chapter 5. From UiS, I have received documents from an internal hearing round resulting in answers from only two of the faculties. According to the university, there are no hearing answers from external stakeholders in this case. In addition, the documents consist of case presentations and minutes from the board meetings. In both cases there are also some news articles and opinion pieces that are viewed as important as the media is seen as an actor which might affect other stakeholders.

	UiA	UiS
<i>Minutes from board meetings</i>	5 <sup>1</sup>	6
<i>Reports</i>	3	4
<i>Internal hearing answers</i>	7	2
<i>External hearing answers</i>	20 <sup>2</sup>	0
<i>Total</i>	35	12

Table 1 The base for the document analysis

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<sup>1</sup> The minutes are from the board meetings between April and June 2014

<sup>2</sup> Answers from the Student Welfare Organization and the Student Organization are considered as external.

## 4.4 Validity and reliability

Yin (2009) addresses three types of validity that are important to take into consideration when conducting a case study. First, construct validity addresses the importance of using multiple sources of evidence in order to encourage convergent lines of inquiry (Yin, 2009, p. 42). As this research uses triangulating data sources, it creates potential problems concerning construct validity as it can provide multiple measures of the same phenomenon (ibid. pp 116-117). However, data triangulation will also strengthen the data conducted from the interviews and contribute to strengthen or question the claims from the informants, which will strengthen the empirical findings. Second, it is important to address internal validity. This study is explanatory and uses process tracing in order to answer the research question. However, as mentioned earlier, the study is not trying to identify variables through causality but is using the method to gain an overview of the process. Third, it is important to identify whether the results of this study can generalize beyond the specific research context. This is a disputed topic and question how findings from a single case can be applied more generally to other cases generalized (Bryman, 2012, pp. 69,418). Such is not possible in this study as I aim to identify factors in two specific merger processes.

## 4.5 Limitations of the study

Mergers in HE is quite complex and there are several informants that is relevant and important to talk to in order to increase the validity and reliability of the study. However, due to time limitation I have prioritized to interview representatives in the University Boards of both universities as these are the people who made the final decision on not to merge. However, it is important to take limitations of people's memory in to consideration as it tends to be filtered due to the years that have passed after the final decision was made. In hindsight, I see that it would be of great value to interview members of the working groups, project group, leaders and other people attending the board meeting and was closely following the cases throughout the process. This is believed to increase the validity and reliability of the study. Again, due to the time limitation this have not been possible this time around. It is further important to address is the geographical distance that I experienced during the interviews which made it difficult to conduct all the interviews face-to-face. First, several of the external, and some of the internal, representatives have other position in another geographical areas than when they were representatives in the University Board. Further, as I was not able arrange for all the interviews in the UiS-case during a few days these interviews were conducted through using skype or phone,

which created another dynamic between me, and the informant compared to face-to-face interviews. Another limitation regarding the UiS-case is that the process has been quite closed and the board has to a great extent based their decisions on the documents from the working group which have resulted in limited empirical data, especially related to stakeholders as they to a very little extent was involved in the process.

There are also some limitations in the document analysis as I have not been able to get hold of minutes from the board meetings at UiA between January 2010 and March 2014. For this reason, it is the minutes from the meeting between April and June that will form the base for the part of the document analysis. However, there is no reason to believe that this will weaken the findings as the process was more discussed in the meetings towards the end of the process. I further have access to reports from the whole process, which identifies several of the critical events.

## 4.6 Cases studied

This section will provide some background information about the two universities chosen as cases in this study. The cases chosen are UiA and UiS as the institutions are quite similar in an organizational context, but the decision-making process differs in light of comprehensiveness and time. UiA and Telemark University College (HiT) looked into the possibilities to merge in the period from 2010 to 2014, but the process ended in a decision to terminate the process in 2014. UiS and Stord/Haugesund University College (HSH) also negotiated about a merger in the period of 2014 to 2015, and also this merger attempt ended in a decision not to merge. However, the latest merger-processes is not the only thing that the universities have in common.

UiA and UiS have both roots 150 years back and are both a result of several reforms and mergers. Until 1994, UiA consisted of six university colleges that was 1994 merged Agder University College that had three campuses: Kristiansand, Grimstad and Arendal. All the former campuses in Kristiansand is concentrated in one new campus opening in 2001. The same year the Government passed that university colleges could qualify for university-status simultaneously as campus Arendal is closed down. UiA's application for university status was accepted and UiA received the status 1. September 2007. Three years later, the new campus Grimstad was opened (Universitetet i Agder, n.a-a). Today, UiA have seven faculties, and one museum, divided between two campuses with different specializations. While campus Grimstad has a great focus on technology and engineering, campus Kristiansand focuses on the more academic educations. UiS is also a result of a merger of several

university colleges In 1994, the seven university colleges in the Stavanger region were merged to Stavanger University College that was concentrated in one new campus (Universitetet i Stavanger, 2019). After years of dreaming about university-status, UiS' application was accepted in 2004 (ibid.). Today, UiS have six faculties and one museum and is located in one campus. It is not only the institutions' history that is similar. The key numbers in the table below, show that the institutions are quite similar when it comes to size and research close to the time of the mergers.

<b><i>Key numbers 2010</i></b>	<b>UiA</b>	<b>UiS</b>
<i>Number of Students</i>	9090	8825
<i>Number of Employees</i>	919	1036
<i>% of academic employees</i>	68 %	69 %
<i>% of administrative</i>	32 %	31 %
<i>Research Points</i>	448	481
<i>Production of student credits</i>	6345	6333

Table 2 Key numbers for UiA and UiS (Database for Høyere Utdanning)

Both UiA and UiS are highly research-oriented institutions and are members of several regional and national centres for research. This appears from the institutions' strategic documents, which both put emphasise on regional collaboration. The strategy for UiS points out that the university "have strong traditions on collaboration with the region which has given us strength, and that we can build on" (Universitetet i Stavanger, n.a). The same regional collaboration is seen in the strategy for UiA saying that "together with the larger community, UiA will develop new methods for internal and external cooperation" (Universitetet i Agder, n.a-b). However, the regional history has had some impact on the universities' specialisations and research. Stavanger is known for being the petroleum capital of Norway, and this characterize UiS' academic profile today, especially within engineering education. Agder is also to some extent connected to the petroleum adventure but is more specialized towards the process industry. This is seen through the university's academic profile within the engineering education that is focusing on sustainable industries and mechatronics.

## 5.0 DATA FINDINGS AND ANALYSIS

In this chapter, I will both present and analyse the empirical data and connect the findings to the theoretical framework. I will address the two cases separately before comparing the findings. In order to make the data analysis easy to follow I will refer to the people interviewed as informants. Informant one to five is board representatives from UiA, while informant six to nine is representatives from UiS.

### 5.1 University of Agder

#### 5.1.1 Critical events

The merger process between UiA and HiT started in 2010 when the two institutions agreed upon starting a joint assessment process looking into the possibility to merge the two institutions or agree to a closer committed collaboration. One year later, the University Board decided to continue the merger process for up to three more years. The decision was based on a report that was presented. After two years, a preliminary report was completed, which laid the foundation for the indications for the direction for the further process. The future for the merger process was decided on a two-day seminar in June 2013 in Kragerø where both UiA and HiT was represented, where it was arranged for a common arena to discuss the merger before the boards separately decided whether or not to move on with the process. This seminar is brought up by all of the informants and is therefore important to look further into, and informant 3 addresses this seminar as a crossroad that marked the start of the real merger process. Those of the informants who were still supportive, and open to look into a merge, meant that the positive and negative aspects of a potential merger was not sufficient reported. However, it is brought up that it had been an intense internal mobilization at UiA, which gave indications that it was the right time to terminate the process. The fact that the University Board decided to extend the process created, according to informant 1, a steel front between the Rector and the faculty deans. All faculty deans, except the dean for the Faculty of Engineering and Science. Informant 4 also addresses the internal resistance, saying that:

“Someone might mean that this was a seminar to strengthen those who wanted a merger... at the same time, those who had been opposed to a merger had hoped that we would but this behind us, and for several was this year of extension a setback and though that if would definitely be a merger.”

The same seminar is identified by informant 1 as one of the main reasons why the internal resistance increased. An opinion poll from 2014, one year after the seminar in Kragerø, shows that 81 % of the employees were against a merger with HiT, an increase by 6 % from the year before (Vidnes, 2014b). A project group that had worked on a report about the merger, presented this in April the same year, which together with internal and external hearings formed the base for the decision on whether to merge or not. Informant 4 addresses a mutual understanding within the University Board that if anyone talked to the media disclosing where they stood in this decision-making process, they should notify the other board members and Rector. However, due to a communication error two of the representatives gave a comment to the local newspaper about their standing point. This took the Rector by surprise and a few days after she also announces that she would vote against a merger and in line with the recommendations from the University Director (Reite, 2014). The final decision was made in an extra ordinary board meeting in June 2014, where the University Board unanimously voted against a merger with HiT.

# The merger process at UiA

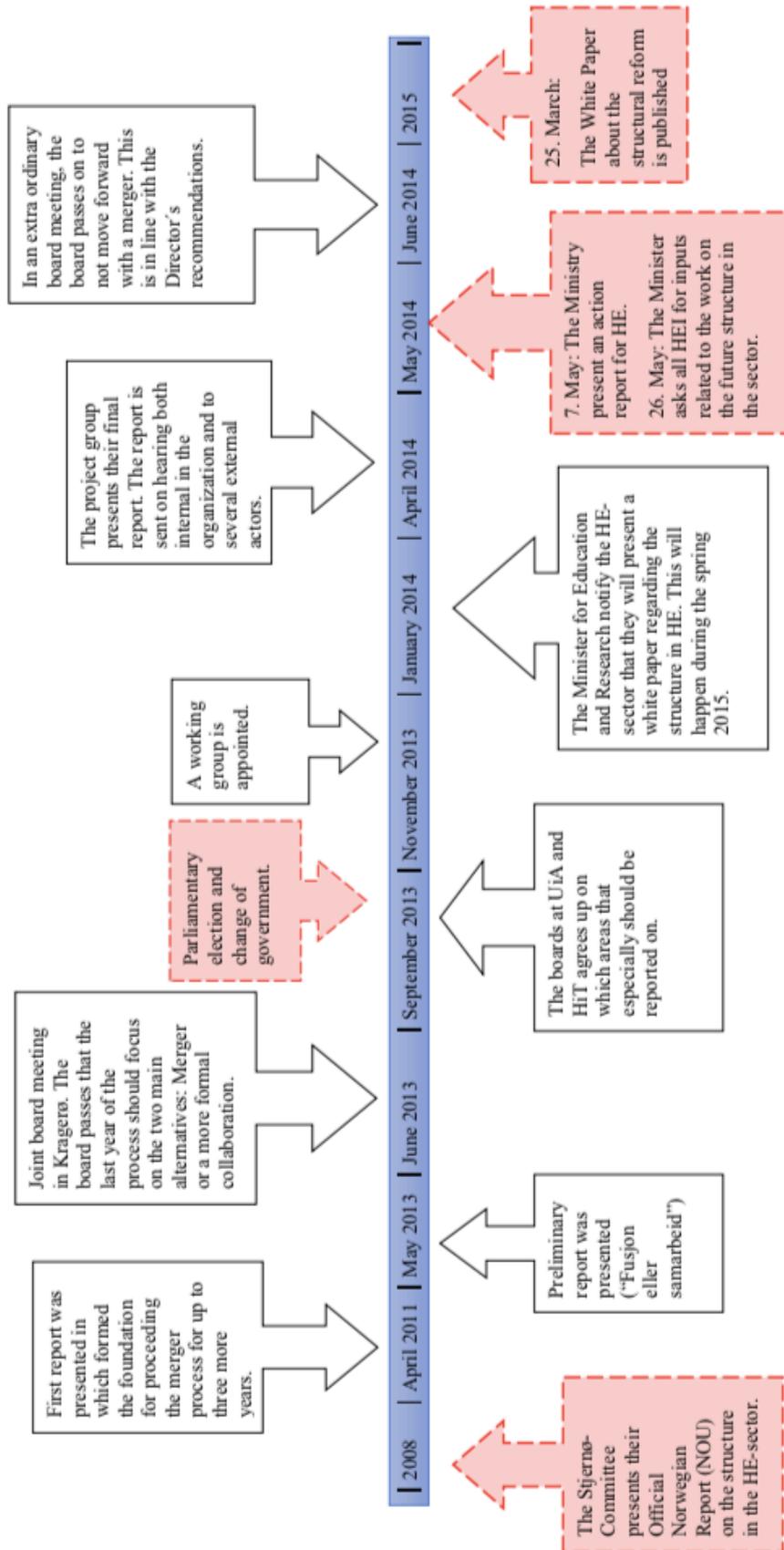


Figure 3 Timeline of the merger process at UiA

### 5.1.2 Instrumental factors

The instrumental perspective is presented in the theory chapter, which addresses how these organizational characteristics can influence a decision-making process. This chapter discusses such characteristics in light of the merger process between UiA and HiT and will address goals, resistance and organizational anchoring.

Instrumental organizations are often characterized by conflicting goals, and this is also seen in the merger process between UiA and HiT. The management at UiA was for a long time supportive of the merger, and even though they experienced a great resistance, some stakeholders supported them in their point of view. The findings indicate that the resistance centred around a disagreement on whether to merge with HiT not, and also about what the goal with the process itself was. The goal according to the informants interpreted differently in the organization, and informant 4 says that “it was clear that the goal was that this process should result in a merger, and that the aim was a quick and ductile merger”. How the interpretation of the goal differ is shown by a quote from the Rector who says that:

“My main argument is that this is a region which has a strong need for a united university. This is a superior strategical perspective. Of course, there are also academic reasons, but the most important is the development of the region” (Vidnes, 2014a).

These two quotes show that there is a fundamental disagreement in what the overall goal of the process was. On the side, the Rector addresses some academic synergies which could benefit the university, while the informant identifies the goal as a merger for the sake of the merger. However, these academic synergies are not acknowledged by the informants who have expressed themselves in a negative manner towards a merger. They bring up that UiA should focus on themselves as a recently formed university and that it was too early to merge with a university college. This argument becomes especially evident when informant 2 says: “My perception was that: ‘Why should we pull on an university college now as we are going to be a leading university?’”. This is further supported by several informants who points out that a merger would aggregate UiA’s situation and did not need HiT to be a recognized university. These thoughts are shared by several of the internal and external stakeholders.

If imagining that the management and stakeholders did agree on the merger as the goal of the process, it would still be disagreements about the means toward this goal. It is brought up by several of the

informants that it was problematic that the management failed to present an integrated and sustainable plan on how to reach the goal. An important aspect when it comes to goal achievement is that individual efforts come together to achieve something which might not otherwise be accomplished through individual actions (Pfeffer & Salancik, 1978, p. 26). From the Rector's perspective it can be said that she failed to create a common effort within the organization in order to achieve the goal of a merger. Even though she was not alone supporting the merger, the majority of the internal stakeholders at UiA came together to achieve their goal, to terminate the merger process. The conflicting goals may be a consequence of lack of sensemaking from the management, which means that the management have failed to interpret the situation and create a description that makes people want to change (Gioia & Chittipeddi, 1991). This is by several of the informants referred to as weak organizational anchoring of the process, and informant 1 addresses this as one of the main reasons for internal resistance: "The biggest mistake the Rector did was [the weak] anchoring of the process in the organization. Started the anchoring in Telemark, but UiA was neglected. This resulted in that people [at UiA] put up a fight." The same aspect is brought up by informant 4 who says that:

"Several internal stakeholders interpreted the process as an act and that the board had a hidden agenda. They believed that we were reporting on a protentional merger only because this was something we had to do. So, I am of the opinion that we were not able to create a reliable proves from day one".

Even though sensemaking is important in change processes in organizations, such activities require mutual communication between the management and stakeholders (Gioia & Chittipeddi, 1991). The authors further refer to this as a negotiation as the manager present his/her perspectives and then gives the stakeholders a possibility to voice their opinions. It is brought up by March (1994) that an managerial tactic is to create an illusion of participation by arranging meeting for decision-making inputs even though the decision is already made. The data from the informants above clearly show that the employees to a great extent felt that they were deceived by the Rector and did not feel that they were involved and had a genuine influence on the outcome. However, the data from the informants indicate that such an illusion was not intended, but a result of weak organizational anchoring.

In the merger process at UiA, it was set up for open meetings where the management was present. However, it is still addressed by informant 4 that:

“...there were central actors at the university (employees, professors, deans, faculty directors and others) who experienced that they did not have an arena where they were heard. They did not feel involved...and was made a spectator. It was used words as the management and board acted arrogant towards the suggestions they had.”

According to Helsabeck (1973) would the legitimacy of the process increased if the internal stakeholders felt a greater degree of participation. The author further addresses that the greater number of people involved in decisions, the more likely is it that the members of an organization are satisfied, which further increase the likelihood of goal attainment (ibid.). This show that participation and goal attainment is highly connected, which justify bringing up the anchoring of the process within the organization. It is mainly informant 1 and 4 who are addressing the organizational anchoring, and informant 4 says that:

“In retrospective I can see that this is a process which lacked credibility in the beginning and during the process lacked important arenas for mutual dialogue... I think that we could have seen this signal earlier and had more rounds of anchoring of the process. It is crucial to create an understanding that things are happening the right way. It does not help if people don't believe it”.

The merger process at UiA challenges the claim that the that the greater number of people involved in decisions, the more likely is it that the members of an organization are satisfied (Helsabeck, 1973). This is shown by the emerging and increasing resistance in the organization throughout the process. If the empirical data only consisted of a document analysis, the process would appear as open and including due to the many opinion pieces and articles. However, such a feeling is not shared about the internal stakeholders. What is further interesting to address in regard of the process is that one informant pointed out that that he/she was supportive of a merger but changed the point of view due to the poor internal process.

The increased resistance towards the merger created a crocked power-balance between the management and several of the stakeholders, which created coalitions between different groups within and outside of UiA. Internal stakeholder groups (academics, administrative and students) forms a coalition in order to increase their power to influence the decision, and eventually some of the external stakeholders also expressed themselves against a merger. One external stakeholder who changed their point of view was The Confederation of Norwegian Enterprises (NHO) (Nystøl, 2014).

This will be further addressed when identifying important stakeholders in chapter 6.1.4. The coalitions that was seen in the merger-process is highly connected to the negotiation model, which is seen as one of the dominant decision-making models in this process. This will be further addressed in chapter 6.1.5.

### 5.1.3 Institutional factors

I have already addressed how a high degree of participation may legitimate a merger process. Nevertheless, there are other factors that have affected the legitimacy of the merger process, such as the management and isomorphism.

In change processes, an organization can increase the legitimacy of the process is by looking towards similar organization within the same environment that are viewed as successful (DiMaggio & Powell, 1983). The final report from April 2014 shows that UiA had looked to other successful structural changes in the HE-sector:

“If we look at the structural changes that have happened in the HE-sector there are several that in retrospective appear as successful. If we look at the latest, Tromsø/Finmark and UMB/Veterinærhøgskolen, the feedback that the University Director have registered have been positive, also from people who were negative in the start. Corresponding to Sweden where the merger between Växjö Univeristy and Kalmar University College 1. January 2010 is now described as a success.”

The focus on previous, and on-going, mergers in the sector was pointed out by several of the informants. Informant 1 says that:

“There was a wind of merger, and I got the feeling that the Ministry wanted to see how many mergers they could create...I felt that the process did not consider that quite a lot of research and reports on mergers in HE could not say anything positive about mergers, and ‘the bigger the better’ is not agreed upon”.

The saying that bigger the better might descent from the white paper of the structural reform, which is saying that “it is necessary to change the structure in the HE sector, and to gather the resources on fewer but stronger institutions” (Kunnskapsdepartementet, 2015). This is also addressed by some of

the informants who points out that bigger institutions and bigger academic environments would be an advantage for Norwegian HE. This perception should be seen in connection to how the sector has responded to their external environment in order to promote success and survival of the organization (Meyer & Rowan,1977). The structural reform can be viewed as a recipe on how the HE sector should be re-structured and managed in order to create bigger institutions as a result increase quality and tackle the increasing international competitiveness, which the Quality Reform failed to tackle. The reform can further be viewed as a response to the increased international competition, which is also mentioned in the White Paper. It can be argued that the Norwegian HEIs have responded to the Ministry of Education and Research, that in turn has responded to changes in the European HE, which again responded to the global competition. Whether bigger institutions and bigger academic environment will increase Norwegian HEI's position in the international HE sector is too early to conclude, but a working paper from the Nordic Institute for Studies in Innovation, Research and Education (NIFU) conclude that there is no connection between the size of the institutions and what they achieve. The lack of knowledge about bigger institutions is also expressed by external stakeholders in their hearing answers, saying that it is reasonable to postpone the merger process and new structures until the structural reform show some results. The legitimacy of a process is not the only reason why isomorphism is important to point out. Even though the Ministry presented the mergers in HE as voluntary, the informants address a concern about the uncertainty of what would happen if they did not merge, and informant 4 expresses that: "... it was a fear among the management that we would be punished if one did not show willingness to merge..."

The Ministry is a powerful political influencer in the merger process as they by both formal and informal pressure aim to affect the decision. It is mentioned that the mergers are voluntary, but the fear of what would happen if they don't, and the financial carrot the institutions who merge get indicates coercive isomorphism (DiMaggio & Powell, 1983). Uncertainty is further addressed as a powerful force, which encourage organizations to imitate others (ibid.). However, uncertainty is not only linked to isomorphism. March (1994) refers to uncertainty as an imprecision in estimating future consequences based on today's actions (pp. 178-179). This is especially evident in the merger process as the UiA management failed to address fundamental questions which potentially would have reduced the feeling of uncertainty in the organization. This is addressed by informant 5:

"... Things were not clarified. It was not like 'if this happen, we're doing this'. There was so much that was not unsettled, and discussions were killed as these things were supposed to be discussed after a potential yes to merger. Campuses for example. We were not supposed to

discuss this before it was clear that we were going to merge, and that was a question for the next University Board... I felt that once we tried to get these questions answered we were met with 'were discussing that later'. The only thing that was clarified at that point was that the new institution would have six campuses”.

The same informant further points out that it was not possible to support something this intangible and that there was so much uncertainty about these questions that it would not be natural to say yes. This indicates that the decision-maker aimed for perfect rationality in order to utilize the, but as the consequences of the decision is not known, it becomes difficult to act rational in this situation (Allison & Zelikow, 1999, p. 20). March (1994) further addresses that uncertainty can be reduced if information is unfolded over time. But as the information that would increase the rationality of the decision-maker is swept under the carpet and not addressed in a sufficient way, the process is characterized by great uncertainty. However, by deciding to terminate the merger process the decision-makers know that they are choosing the alternative which maximizes the value of the choice based on the uncertain consequences. This way of reaching a decision to not merge with HiT is highly related to human beings' logic of appropriateness where decisions are made based on their knowledge (March, 1994). The discussion above shows characteristics on a political system as the internal stakeholders, and several external stakeholders in the region, stood on one side wanting to terminate the process, while the management at UiA for a long time stood on the other supporting a merger.

The role of managers is highly connected to what has been discussed so far, and several scholars have addressed the connection between the institutional-cultural aspects and leadership (Harman & Harman, 2003; Locke, 2007; Välimaa et al., 2014). The informants address several factors that have contributed to a decrease in the Rector's legitimacy during the process. The findings indicate that the Rectors' insecure behaviour, especially in a meeting with the Student's representative body, contributed to decrease her legitimacy. One informant mentions a meeting with the Student Parliament where the students had the opportunity to ask the Rectors at both UiA and HiT about the process. The informant brings up how the Rectors appeared uncertain if they did not have each other to lean on. This also had an impact on how the informant later voted against a merger. The student's voice in this process is also brought up by informant 1 who mentions that they were distinct in their point of view, saying that a merger was unreasonable. This is shown in a hearing answer from the Student Organization expressing that the Student Parliament passed a decision, with 14 against 1 vote, to express themselves against a merger between UiA and HiT. It is further addressed by the

informants that the evident support towards a merger from the university management have affected the rest of the organization and was one driving force towards resistance. Informant 4 expressed that:

“...and Rector had early expressed that she wanted a merger but became more and more obscure the last year of the process. It was not that many people who believed in this obscurity and were surprised when she voted against a merger”.

There are also a couple of informants who have expressed that they were supportive of a merger throughout the process, but due to that Rector changed her point of view (Hopland & Sundsdal, 2014), they reconsidered how they should vote when the final decision was made on 21. June 2014. One of these informants was informant 2 who said that “I was supportive of a merger from the start, but eventually when it became so clear that the Rector’s opinion was that a merger was not possible due to the resistance, I also left that standing point”.

It is not only the dynamic between the management and the University Board that is important to address. The informants also mention the dynamic between the Rector and managers on lower levels in the organization and how they felt neglected. Informant 1 explain that there was a steel front between the Rector and the Deans, and informant 4 further elaborates that:

“It was held several meetings between the university leaders on different levels and the university management, but several felt that they did not receive the information they needed, nor were heard...and we should have had involved the leaders on all faculties and made sure that they felt well oriented about what was happening and when”

Pfeffer and Salancik (1978) outline three roles of management: *symbolic*, *responsive* and *discretionary*. As a symbol of the organization a manager is often rewarded when things go well but is blamed if things go poorly. However, if the managers were only to be symbols for an organization it would not matter what they did, and for that reason one important aspect of the manager’s role is to respond to the demands and constraints confronting the organization (Ibid.). This points back to what I have discussed in previous chapters about the wave of mergers as the merger process is a respond to the demands from the Ministry. In this case, one of the most appropriate activities of a responsive manager is to decide whether to heed the demand or reject a merger process (ibid.). The third role of managers that is mentioned is a discretionary role. Pfeffer and Salancik (1978) emphasize that this management role is especially important in organizational mergers. It can be argued that the

Rector, as the manager in the merger-process, was in possession of two of these roles. As symbolic leader she has received the blame for a poor process, and as a responsive leader she responded early to the signals regarding mergers from the Ministry and decided to heed this signal and bring the case to the University Board for a vote.

The roles of management are highly evident in institutionalized organizations, as informal dimensions emerge as a response to both internal and external environments (Christensen et al., 2015, p. 62; Selznick, 1996). This is especially important in organizations where the leader is without the power to influence a merger process in a particular direction due to opposition within the institution, such as is seen in the UiA case (Harman & Harman, 2003).

#### 5.1.4 Stakeholders

##### *Internal stakeholders*

During the merger process the internal stakeholders were involved in several ways. On a faculty-and department level it was sent a hearing letter, for the employees it was arranged for open meetings and the students voiced their opinion through the student parliament. The internal stakeholders in this study are mainly academic staff, technical-and administrative staff and students. The role of internal stakeholders is not much discussed in previous literature but is not less important. Internal stakeholders are mentioned by several of the informants, and informant 2 explicit expressed that “I experienced that the internal stakeholders were very important...”. Informant 4 elaborates on the importance of internal stakeholders within the University Board, and says that:

“We could to a greater extent have listened to the employee’s representatives in the board and their message about how this situation created a tremendous uncertainty and a decrease in the motivation... especially on the occasion of the decision to extend [the process] one more year. Some of the employee’s representatives said that this was a high-risk sport.”

The outcome of the merger process and its effects may depend on whether or not staff and other stakeholders embrace the new opportunity that a merger gives (Arbo & Bull, 2016). The findings indicate that the internal stakeholders at UiA did not embrace this opportunity and their opposition towards a merger emerged. The importance and influence of internal stakeholders is further seen through the internal resistance and pressure towards the university management and board, and I have

previous touched up on how the weak organizational anchoring resulted in internal resistance at UiA. What is further important to address is how the resistance among internal stakeholders influenced the decision-making outcome. Informant 4 and 5 address the resistance, saying that one reason for the great resistance was that nothing was clarified, such as campuses and what should be the new name of the university. The internal resistance would further have led to a rough period where it would be difficult to motivate people. Informant 3 also points to such an energy leakage and that it would have taken a long time until the organization was operative on the same level again.

The resistance from the internal stakeholders was also viewed through the internal hearing round, and as the resistance was so evident in the media and in other arenas for communication through opinion pieces, informant 2 says that “I did not experience that there was much new information in the hearing answers, and that this was a locked case from the start, and nothing could unlock it”. These institutional-cultural aspects are important to address as they are evident reasons for why the decision-makers either changed or remained their point of view. The majority of the informants mention the resistance from internal and external stakeholders as one of the main reasons for why they changed their opinion about the merger. Informant 4 is of the perception that the internal resistance was one of the reasons why the Rector changed her point of view in the final weeks before the final decision was made. This perception is confirmed by the document analysis, which shows that the Rector addressed this in a news article:

“Through meetings with all the departments, I have heard several unbiased arguments from their point of view. We have, in addition, had a hearing round that shows a definite no to a merger... I am surprised that so many have been negative towards a merger. I am especially surprised that so many have changed their standing point in this case” (Hopland & Sundsdal, 2014)

The change in the Rectors standing point seem to have influenced the decision made by other informants. Informant 2 says that that the informant’s support of a merger changed when it became clear that the Rector considered the merger as impossible due to the resistance. The resistance is also brought up by informant 5 who says that the resistance did not make it worth it. Informant 3 elaborates further saying that:

“I had not said either yes or no, but I was rather positive for a long time, but ended up voting against a merger as everyone else. I think that my reason for voting against was complex as I

experienced a massive personal pressure. I received personal emails with threats... We all understood that if we voted in favour of a merger the resistance and energy leakage would be so huge that it would have taken a long time until we were back on the same operative level.”

As the University Board consist of several stakeholder groups (three groups of internal, external and students), one group is not able to have the majority of the votes themselves, and it becomes evident that coalitions between the different groups of employees are created. Such factors may increase the threat of the stakeholder towards the organization (Savage, Nix, Whitehead, & Blair, 1991). In stakeholder literature, employees are viewed as important stakeholders (Mitchell et al., 2007). The findings clearly show that the employees at UiA hold the power attribute due to their power to bring forth the desired outcome based on the ability to impose their will (ibid.). The employees claim to terminate the process also call for urgency due to the potential energy leakage if ignored, and their claim is legitimate due to the interdependent relationship between the employees and the management. This strengthen the impression of how important the internal stakeholders have been in this process, and can according to Mitchell et al. (2007) be defined as definite stakeholders.

#### *External stakeholders*

External stakeholders plays an important role in decision-making processes in organizations as the development of HEIs is highly dependent on an agreement between the business and industries, governments and the HE sector (Stensaker et al., 2015). This interdependency becomes quite evident when looking at the empirical data. The external hearing answers received from UiA´s most important external stakeholders are mentioned by several of the informants, but who is viewed as important by the informants, and have affected their decision, vary. The majority of the informants mention the Ministry as an important stakeholder due to their role as UiA´s owner and points out that it was important to listen to these signals, but also because of a fair of what would happen if they did not. The empirical data does not that the Ministry had any impact on the decision outcome, but their role as agenda setting stakeholder is brought up. However, it is important to address how the Ministry launched the mergers as voluntary, but at the same time strongly indicated an increase in the funding for the universities that did merge. I have also previous in the discussion addressed the uncertainty of what would happen if UiA did not merge. This indicate that the Ministry had an important role as agenda setter in the merger process. By referring to Mitchell et al. (2007) it is possible to identify the importance of the Ministry as a stakeholder, and not least as agenda setter. The power attribute is important to mention due to the Ministry´s power to influence the decisions made (Mitchell et al.,

2007). Further, UiA in its existing form would not exist if it was not for the support of the Ministry as stakeholder. This does not mean that universities in general are dependent on the Ministry, but public institutions are economically dependent on the Ministry in order to survive (Pfeffer & Salancik, 1978).

The external hearings are also mentioned to have had an important impact on the decision made, but the findings indicate that the importance of the different hearings varied. Informant 4 and 5 are both emphasising the importance of the regional clusters:

“...the hearing answers from the politicians did not affect my decision, but that the regional clusters did not believe in a merger was important and had an effect.”

“I felt that the region supported us. The regional clusters, which would have benefitted from a merger, was against it. Seeing that the industries were against a merger made me more certain in my point of view.”

The findings further indicate that that the external stakeholder's perspective would be of more value if the hearings had come earlier in the process. According to the document analysis the hearings is dated in May 2014, one month before the final decision was made. Informant 5 express that “it was not until the hearing answers that I started to think about the external [stakeholders]”. This statement indicates that the external stakeholder's view on the merger could have affected the outcome to greater extent of the decision-makers had access to these earlier. The impact of external stakeholder's opinion, addressed by Stensaker et al. (2015), indicate that external stakeholders who support merger attempts may influence the outcome, which gives reasons to believe that the externa hearings came too late.

What is interesting to point out regarding internal and external stakeholders in this process is that the findings from the document analysis indicate that the internal stakeholders to some extent have influenced the external stakeholders. This is indicated by a statement from NHO:

“It is important to listen to what the employees think about this [a merger]. It is a massive resistance in both institutions. So that is one of many factors that weaken the thought about a joint university.” (Nystøl, 2014).

The media as an external stakeholder is viewed as important due to the high coverage of the process. The informant 4 points out that the high pressure from the media was affecting the perception of the process, rather than the decision itself. This claim is strengthened by an new article addressing the merger process where NHO addresses that “the whole foundation [of the merger] was too thin” (Nystøl, 2014). The media’s role was brought up during the interviews, and informant 1 says that “the media solely addressed challenges unless it was the university management who was interviewed or wrote discussion articles”. However, to what degree the publicity was taken into consideration may vary, and informant 5 says that:

“I also read opinion pieces in the newspaper... and tried to keep up. However, this did not affect me much. I put this in the pile of “expressions of opinions” and focused on the formal case documents we got.”

#### 5.1.5 Dominant decision-making models

After discussing the UiA-case there are two decision-making models that becomes evident, or the lack of them. These are the negotiation model and the communicative rationality model, whereas the first is linked to the instrumental perspective, the latter is related to the institutional perspective.

The formation of coalitions are often seen in the negotiation model whereas the outcome may be either that a dominating coalition achieve their goals, or that the actors negotiate and compromise (Christensen et al., 2015). In the UiA-case there are three outcomes: To merge, not to merge, or to agree to a mutual interdependent collaboration. However, the empirical data mainly focus on to merge or not to merge, meaning that there in reality are only two possible outcomes. This means that a negotiation between the different coalitions in order to come to an agreement is most unlikely, which lead us to a “winner-take-all” situation (March, 1994, p. 153). The negotiation model is also identified through the weak organizational anchoring of the merger process as it becomes evident that there is a lack of dialogue between the Rector and the organization as a whole, which lead to a feeling of neglect among the internal stakeholders. This does not mean that the process lacked an intention to involve the organization, which was done. It might seem that the high degree of involvement backfired and created a crooked power-balance between different groups within an organization resulting in coalitions (Birnbaum, 1988, p. 135).

The other model that is dominant in the decision-making process is the communicative rationality model, which addresses the communication between the different groups within an organization. This decision-making model is also highly connected to the openness of the process and emphasizes the importance of a common language and willingness to change opinions (Jacobsen & Thorsvik, 2013, pp. 334-335). However, it is hard to identify a common language in this merger process due to the misunderstandings in the communication between the Rector and the organization as a whole. The willingness to change opinions is seen among some of the informants, but the informants were only willing to change their opinion from supportive of a merger to not supportive, as those who were negative were negative throughout the process.

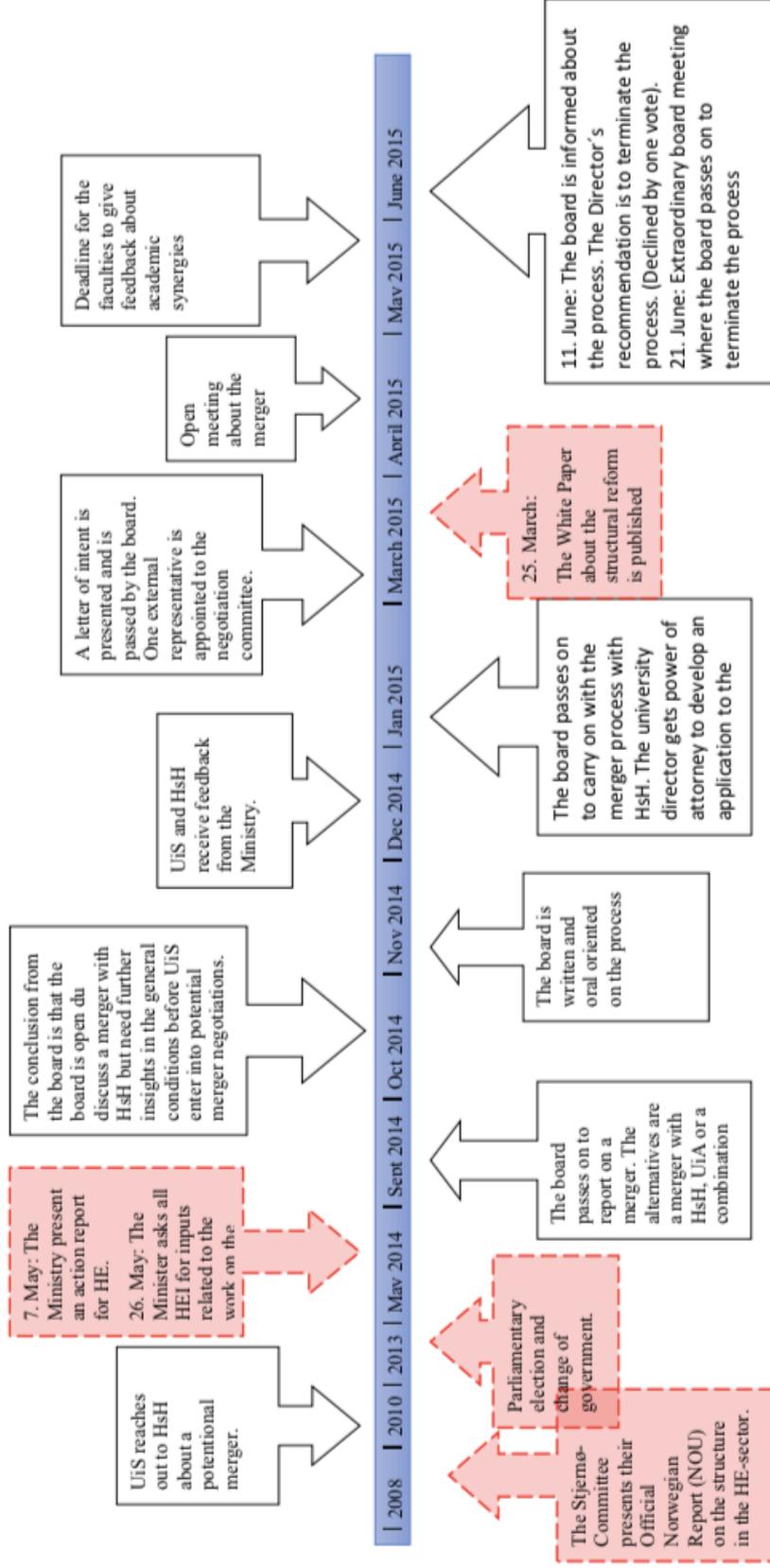
## 5.2 University of Stavanger

### 5.2.1 Critical events

UiS first took the initiative to a merger with HSH in 2010, but the two institutions did not move on with the process until HSH in 2014 reached out to UiS about a potential merger between the two institutions. The first board meeting at UiS where a potential merger was an item was in October 2014. In this meeting four alternatives were presented; UiS continues in its current form; UiS merge with HSH; UiS merge with UiA; UiS merge with UiA and HSH. Later in October, the board had an extraordinary meeting where they passed that “the board is open to discuss a merger with Stord/Haugesund University College but want better insight in the framework conditions before UiS start potential negotiations”. The merger negotiations started in January 2015 when the board agreed to carry out a merger with HSH and the leaders at both institutions had conversations about the merger. The merger process was further authorized by the government early in the same year, and in March the same year the board passed a letter of intent between the institutions with 10 votes against 1. At this meeting, one external representative is also appointed to the negotiation committee. After the meeting in March, the merger is not an item until the board meeting the 11. June. At this point the University Director recommended to terminate the merger process, but this was declined against 5 votes. Rector was still supportive of a merger and as an alternative the board passed to continue the negotiations with HSH where 6 of the board members supported this suggestion. In this alternative the board says that they are asking the negotiation committee to make sure that the name of the new institution would be UiS, and that the merger follow the principle of full integration of similar educations and academic environment. These principles are addressed by informant 9 who says that “we had clear principles about what needed to be fulfilled in a merger agreement for us to be able to

support this [the merger]...it was several demands that several of us in the board new that HSH could not agree to.”. It is also addressed by informant 8 that a merger was not possible as “HSH continuously presented new demands, which was unrealistic to meet after we had agreed on things.”. These reasons are according to informant 6 also addressed by the University Director in the extraordinary board meeting the 21. June when he recommended to terminate the process due to insurmountable demands from HSH. At this meeting it also becomes clear that the Rector has changed her point of view and supported the director’s recommendation to terminate the process, a recommendation that was passed by the University Board.

# The merger process at UiS



## 5.2.2 Instrumental factors

This chapter addresses the instrumental factors in the merger process between UiS and HiT that is believed to have affected the outcome, such as goals and organizational anchoring. I experienced that the informants found it difficult to be concrete in their definition of the goal of the process, but it was mentioned that there were some disagreements about the goal within the organization. However, the informant was not able to elaborate on this, which weakens this claim. Informant 8 identifies the merger itself as the goal, while informant 9 identifies the goal as a strategically manner which would result in a potential greater range when attracting local students and a stronger academic environment. Both clearly indicates that the merger is a superior goal, but that the sub-goals such as mentioned by informant 9 might vary. The document analysis further supports the indications that the goal was to successfully implement a merger between UiS and HSH. First, the documents from the board meeting in September 2014 show that UiS listed four alternative institutions to take into consideration when they voted on the direction of the merger. Second, that the board passed on the decision to initiate a merger process with HSH (against one vote) show a willingness to be open-minded to this process. However, a risk assessment presented for the board in June 2015 state that structural changes itself are not important enough to endure high quality and long-term sustainability in HE and research.

As UiS is viewed as a complex organization it is important to address the degree of conflict, which is often seen in such organization. The empirical data does not indicate that UiS experienced internal conflicts related to the goal achievement, which indicates that the goal of the process to a great extend was anchored in the organization. However, there were disagreements between the merging institutions about the means. It is addressed by several of the informants that one of the main reasons why the merger process was terminated was due to fundamental differences between UiS and HSH. This claim is justified by a minute from the board meeting the 11. June 2015: “HSH and UiS did not reach the goal of the negotiations about a common merger platform within the given timeframe. The parties are now taking a break from the negotiation...”

These disagreements centred around the name of the new institution and the location of the teacher education. Previous literature has addressed that incompatible strategies might be a cause of failed mergers as these may be difficult to resolve, as none of the parties have the power to dominate the other and impose their strategy. In order to agree, the parties have to negotiate and compromise in

order to agree upon a common platform (Meyer & Altenborg, 2008). The empirical data show that there is an agreement both within the organization and between the institutions that the goal is to merge, but there are some fundamental disagreements between the institutions regarding how to reach this goal. Informant 6 says that: “It was first and foremost through these merger negotiations I think that the quite different expectation horizons from the two institutions clearly appeared.”

The negotiations between two institutions are often resolved through compromises in order to choose the best possible alternative that both parties can agree upon. But what is interesting to address regarding this, is how different the expectations were. The findings indicate that UiS from the start thought of the merger as a transfer of undertaking, while HSH was open to create a new institution. The empirical data indicates that UiS already viewed themselves as a ‘big brother’ in this situation and by saying that a smaller partner needs to find its role under the bigger one, informant 6 strengthens the claim of a take-over:

“Several at UiS meant that when we are a relatively big institution undertake an organization that are maybe one third of our size, we are getting what we usually call a transfer of undertaking. This means that the smaller partner must find its role under the bigger partner.”

Meyer & Altenborg (2008) address two mechanisms for resolving such conflicting expectations. The first is that merger should evolve over time until one of the parties become dominant. The second is referred to as transformation, which implies that both organizations are willing to build a new organization from the two existing ones. The findings indicate that the latter was attempted by HSH who wanted a new name, but UiS, however, was according to informant 6, occupied by building brand value for the university. This resulted in that HSH agreed to a compromise by letting UiS keep the name and the logo if they included the names of the campuses to it. It is further applied in the interviews that if the name had been the only disagreement between the institutions, the process would probably end in a merger.

Even though the disagreements between UiS and HSH were many, the internal conflicts and resistance were low. The process was rather characterized by skepticism than resistance, especially among the internal stakeholders. This became visible when the board decided whether or not to extend the process and all the internal stakeholders votes against a potential merger. However, there were very few critical voices outside of the University Board who meant that the process had been too closed. The findings show that it was arranged for open meetings, but due to what is referred to by

informant 1 as “information overload” the that the participation in these meetings decreased after when the employees did not feel that their questions were answered. Even though decisions made in complex organizations often are defined by openness (Birnbaum, 1988, pp. 86-89), the process at UiS cannot be characterized as such if a conclusion is drawn from the empirical data above. Harman and Harman (2003) further elaborate that “the process of merger negotiation should be as open as possible, with all possible information being widely shared on campuses of participating institutions” (p. 41). However, it is addressed by informant 9 who says that: “I believe that the process was open enough for those who wanted to care, but to what extent should one involve those who are not in involving themselves?”. Informant 8 further addresses the critical voices from the organization:

“It is clear that in a process where you are not included it is easy to only see the disadvantages, and it is easier to think that what we have now is better.”

March (1994) points out that those who participate in decision-making processes are more likely to believe in a change than those who does not participate. This indicates that the resistance towards the merger process should be higher than the findings indicate, due to the low degree of participation. However, informant 6 points out that “most people thought that as the board had passed to move on with the merger negotiations, they should wait and see how the negotiations developed”. In regard of openness and participation, it is further addressed by Harman and Harman (2003) that it in dynamic processes might be limits to openness as the process is moving quickly. This may justify why the process was viewed as too closed by some of the stakeholders. This is also pointed out by informant 7 who says that:

“... But at the same time, when you are sitting in such dynamic negotiation processes there are some restrictions regarding what to present to the public during the process. So, I do understand that people would want more information than what they got.”

The quick process is important to address. The findings show that the timeframe of the merger process is rather short, about eight months. Why the institutions were in such hurry to finalize a merger is not implicated in the findings, but related to decision-making theory the quick decision indicates that it was made by oversight (Birnbaum, 1988). This means that a decision is made quickly so that people and problems are busy in other arenas and have no time to get involved in the decision. This may also be one reason for the low resistance to the process, as the different stakeholder groups may have had too little time to position themselves.

### 5.2.3 Institutional factors

The empirical data from show that the Ministry has been important for isomorphism and how the uncertainty of what would happen if they did not merge influenced a mimetic isomorphism.

The majority of the informants mention the Ministry as an important factor in this decision-making process. Informant 6 says that several of the board members during the process were of the perception that the university should not merge just because this was something that the Ministry wanted. It is further addressed by informant 7 a dimension of uncertainty of what would happen if UiS did not merge. Further, the documents from the board meeting in September 2015 outline all of UiS' merger alternatives which strengthen the perception of how great the uncertainty of what would happen if they did not merge was in the organization.

Universities are often characterized as loose coupled systems, but in this process UiS shows characteristics of a tight coupled organization as most people left the process to the University Board and management. This indicate that the organization were waiting for the management to sort out the uncertainty and let everyone know whether it would be a merger or not (Bess & Dee, 2012, p. 225). DiMaggio and Powell (1983) address uncertainty as a powerful force, which encourage organizations to imitate others, and the document analysis show that UiS had looked to other merger processes. The documents from the board meeting on 11. June 2015 show that UiS has, among others, listed the Norwegian University of Science and Technology (NTNU) as a merger process that they have look towards. The process at NTNU share several of the same characteristics as the UiS-process such as that it is self-initiated, and it was believed that the research at NTNU will decrease. However, the merger process at NTNU was not finalized at the time of the UiS-process, and it cannot be claimed that UiS tried to imitate this process, a so-called mimetic isomorphism (DiMaggio & Powell, 1983). Isomorphism can also be related to the Ministry's role in the process and refer to their formal and informal pressure towards UiS encouraging them to merge (ibid.). This is linked to the uncertainty described above, but also to extra financial support covering the expenses of a merger that is envisioned in the documents from the board meeting on the 11. June 2015. Nonetheless, the same does not indicate that UiS is promised any other financial incentives in form of increased basis grants.

The same documents show that UiS did not blindly follow this trend of mergers that was seen in the sector, but also to a great extent looked towards the merger process at UiA, which was terminated one year earlier. The documents state that:

“The board is now facing an important strategical trend of development. How should UiS position themselves in the future? Should UiS be faithful to its current and previous strategies by continuing to build a strong and research-based university for the future, such as UiA – in a time where both national and international concentrate on excellent environments? Do UiS want to be a part of this competition?”

The same document from the boards meeting on 11. June 2015 further addresses arguments for terminating the process., which are in line with the statement above. The arguments address, among other things, that HSH has a low score on several research indicators and that a merger would lead to a setback when it comes to research and by that shift the focus from increasing the research at UiS to focusing on coordinating the two institutions. This indicates that UiS viewed UiA’s strategy as legitimate and successful enough to consider modelling themselves after this institution. However, according to the drafts for a common merger-platform, the research aspect is not something that had been a decisive for the termination of the merger.

As mentioned, the findings indicate that UiS as an organization were waiting for the management to deal with the process and let everyone know whether it would be a merger or not (Bess & Dee, 2012, p. 225). The process has by informant 8 been characterized as a top-down initiated process from the leadership, supported by the University Board. Previous literature addresses the relationship between successful mergers and how they are managed. Both Skodvin (1999) and Harman (2002) address that top-down initiated mergers are most common but is less likely to be successful compared to bottom-up mergers as the first often is connected to a high degree of tensions and conflicts among the employees. The process at UiS challenge this persecution as such the resistance and degree of conflicts were low. This indicates that the university management have functioned as an important factor in assuming a successful merger process, even though the process did not end in a merger.

When the role of the university management is brought up by the informants, it first and foremost becomes evident that there was a division of the standing point between Rector and the Director that becomes most evident in the merger process, where Rector was more supportive of a merger than the Director:

“... I think that the greatest division was between Rector and Director. We rarely experience such prominent division between these two”

Until just a few weeks before the final decision, none of the informants had any indications of the outcome nor the dynamics in the university management. This is addressed by several saying that they had no idea about what the Rector and Director would present. When it became clear that also Rector recommended to terminate the process, several of the informants who initially was supportive of a merger also voted against:

“When the recommendation was presented in the final board meeting it became clear that several of the representatives was happy about the outcome and I did not see any reason to further support a merger.”

Harman and Harman (2003) address how the management have the power to influence a decision in a particular direction. As the University Board was divided in their decision in the second last meeting indicates that the Rector’s position and support towards the Director’s recommendations had a great impact on the unanimous decision in the meeting on the 21. June 2015.

## 5.2.4 Stakeholders

### *Internal Stakeholders*

The perception of engagement among the internal stakeholders does, according to the empirical findings, vary. While informant 6 says that most of the internal was relatively indifferent to the merger, informant 8 indicates that those organizing lobbying were opponent to a merger and for that reason did not put that much effort towards affecting the outcome. Informant 7 compare the internal stakeholders from the external saying that: “I believe that the lobbying was very discreet, and I think that the internal opinions from the academics at the university more important than the external.”

What is interesting to address in regard to the informant’s view on the importance of the internal stakeholders is that, when asked, several addressed that there had not been any internal hearing rounds at UiS. The document analysis, on the other hand, show that all the faculties were given the opportunity to give feedback on the academic synergies and benefits of a potential merger, which was done by two of the faculties in April 2015. Both of these documents were attached to the documents that formed the foundation for the final decision in the following meeting. This put a question mark upon whether the internal stakeholders were as important as the data indicates. In relation to decision-

making theory, such is referred to as a confirmation bias, meaning that a subject is not seeking additional information which potentially could change the final decision (Bogan & Just, 2009). March (1996) is further addressing that decisions often seem to be loosely linked to the information gathered. For this reason, it is therefore not possible to conclude if the internal hearings had any impact on the decision made.

### *External stakeholders*

The Ministry is mentioned as an important stakeholder among the informants. The impact that the Ministry may have on a decision is addressed by DiMaggio and Powell (1983) who says that sometimes “organizational change is a direct response to government mandate” (p. 150). The Ministry is by informant 9 identified as an important driving force and an external factor initiating the process, but that they were not a crucial stakeholder during the process. However, Informant 6 address that several of the board members during the process were of the perception that the university should not merge just because this was something that the Ministry wanted them to.

Few of the informants had anything to add when they were asked about the role of the external stakeholders in the region, and answers were more directed towards the external representative in the board. Informant 9 says that:

“The external [representatives] were more supportive from the start. One explanation can be that they come from the trade and industry and where these types of processes are more known. Further, I believe that it the external more easily saw the synergy effects”

This statement challenges previous research by Stensaker et al. (2015) pointing out that merger attempts that do not have the potential to succeed may sometimes be more easily spotted from the outside. In the UiS-process, the external representatives in the board were supporting the process and their votes formed the majority of the representatives who wanted to extent the process by a few weeks. The same study by Stensaker et al. (2015) further addresses the importance of external stakeholders who support merger attempts. The informants at UiS point out that there were only a few of the external stakeholders outside of the board who approached the decision-makers. Those who did encouraged the board members to protect Stavanger as a region, and informant 7 elaborates by saying that:

“I saw it as important to listen to the signals from different groups, even though it didn’t have much of an effect on my decision... I also believe that the feedback from the internal people at the university was more important than what came from the outside.”

### 5.2.5 Dominant decision-making models

The merger process at UiS has explicit been characterized as closed and has been criticized for not involving internal and external stakeholders in a sufficient way. It is anyhow possible to identify some dominant decision-making models. One, which represent the instrumental perspective and one representing the institutional perspective. From the instrumental perspective, the negotiation model is evident. However, the model in this case is not mainly related to coalitions as a result of a complex organizational structure, but a negotiation between two institutions aiming to result in a compromise in order to achieve a successful merger as none of the institutions alone are strong enough to dominate the process.

The other decision-making model related to institutional characteristics is the garbage can model. An oversight garbage can decision is characterised by means that a decision is made quickly so that people and problems are busy in other arenas and have no time to get involved in the decision. Whichever this is related to a managerial tactic is not possible to elaborate on due to the limitation in the variation of informants.

## 5.3 Comparison of the cases

UiA and UiS are quite similar when it comes to organizational characterises (chapter 4.6) but when going in-depth in their decision-making process the findings show great distinctions at some points. I will illustrate these differences by comparing the two decision-making processes.

The findings show that the degree of internal disagreement and resistance differ in the two cases. At UiA the findings point in the direction of an internal disagreement regarding the overall goal of the process, whether to merge with HiT or not. This inconsistency lead to great resistance within the organization whereas several actors aimed to affect the outcome of the decision. This further created coalitions within the organization where the employees stood on one side wanting to terminate the process, while Rector stood on the other supporting a merger between the institutions. Whereas stakeholders at UiA disagreed about the overall goal, the goal at UiS was clear. The institutions aimed

for a successful merger between UiS and HSH, and even though it is mentioned by some of the informants that there were signs of disagreements among the stakeholders, the organization did not experience strong resistance, which allowed the management to move on with the process. The conflict in the UiS-case was not within the organization but between the merging institutions, which in the end were not able to compromise and the process was terminated. In relation to resistance and conflict, it is important to address how the cases differ in regard of the degree of participation and involvement of their stakeholders. UiA aimed for maximum participation, while UiS was accused for having a too closed process. Previous research has addressed the relation between participation and resistance, showing that a high degree of participation often results in a greater satisfaction among the people in an organization and makes people more supportive towards a change (Gioia & Chittipeddi, 1991; Helsabeck, 1973; March, 1994). The processes at UiA and UiS challenge these assumptions as the open process at UiA that aimed for maximum participation experienced enormous resistance within the organization. This is, however, linked to the stakeholder's feeling that that the management created an illusion of participation in an already settled decision (March, 1994). At UiS, on the other hand, the participation was low, but so was the open resistance among the stakeholders. Nonetheless, the findings show that the decisions at UiS were made quickly, and as a consequence the stakeholder's might not have had time to position themselves (Birnbbaum, 1988).

The Ministry is mentioned as important in both cases due to their power to influence the decisions made the organizations (Mitchell et al., 2007). Due to the signals from the Ministry, the management at both UiA and UiS decided to respond to these and the merger processes can be viewed as direct responses to a government mandate (DiMaggio & Powell, 1983; Pfeffer & Salancik, 1978). The cases also share similarities when it comes to isomorphism. The document analysis shows that UiA and UiS has looked towards other merger processes in the sector in order to increase the legitimacy of the merger-process in their own organization (DiMaggio & Powell, 1983). However, while UiA has looked towards merged institutions, UiS has looked to UiA and recognize their decision to continue to strengthen their position without merging. The findings address an uncertainty within the organizations regarding what would happen if the institutions did not merge, even though the Ministry had addressed the mergers as voluntary (Pinheiro et al., 2016). However, the document analysis indicates that the institutions that did merge would get an additional grant to cover the expenses but would most likely not experience any other financial changes. However, in hindsight, both UiA and UiS experienced a cut in their basis grants from the Government, which puts a question mark upon whether this is a way for the Government to punish the institutions that did not merge (Khrono, 2016).

When looking at the decision in light of decision-making models, the institutions does not share many of the same characteristics. Even though the negotiation model is evident in both decisions, the processes differ when it comes to the parties of the negotiations. At UiA the negotiations have been between the management and the different stakeholder groups, which have resulted in two coalitions working toward achieving their goal. As the two alternative outcomes of this process were either to merge or not, it is most unlikely that the coalitions would come to an agreement, which lead us to a “winner-take-all” situation (March, 1994, p. 153). The process at UiS differ, as the negotiations were not within the organization but between UiS and HSH. The document analysis indicate that the institutions aimed to compromise, but the findings from the interviews indicate a of crooked power balance between the institutions as UiS aimed for a transfer of undertake while HSH aimed for a compromise. The negotiation model is the only decision-making model that the cases share. b

## 6.0 CONCLUSION

It is one saying that is suitable when providing a concluding remark to this case study: It never rains, but it pours. The outcome of a decision is not influenced by just one of event, stakeholder or other factors, but a combination of several. This thesis illustrates that the reason that the institutions decided to terminate the merger process is quite complex, but in light the discussion I have been able to identify some internal and external factors that have influenced the decision outcome.

The findings indicate that those who changed their point of view during the process, mainly went from a supportive standing point to being opposed to a merger. As the decision-making processes are quite different the internal and external factors influencing this shift vary between the cases.

The organizations attend to the goal in this process is viewed as important for the further process. Both of the cases identify that the merger itself it a part of the goal, and that a merger will bring some positive synergies. At UiS the University Board was supportive of the goal from day one and show a willingness to go open-minded into the process. Further, the stakeholder's were of the impression that such a decision should be left to the management which created a top-down process. As a consequence, the process was viewed as closed and non-including, but due to the short timeframe the management stayed clear of internal resistance. At UiA, on the other hand the findings indicate some inconsistencies regarding the goal of the process, which resulted in that those opponent to the merger positioned, which in turn created a conflict between internal stakeholders and the university management. The opponents were met by a high degree of participation aiming to create a common language and willingness among the opponent stakeholders to change opinions. Such was interpreted as an illusion of participation and it was a general assumption within the organization that this was a cover for an already settled decision. The timeframe is believed to have had an impact on the degree of internal resistance, whereas at UiS the timeframe was rather short which did not give the opponents time to themselves. The UiA process has a longer time frame and was characterized by more resistance, which gave the opponents more time to position which further resulted in increased internal resistance

While the conflict in the UiA-case was due to resistance from internal and external stakeholders, the conflict in the UiS case was between the institutions. The two cases show how the institutions had different approaches towards conflicts, whereas UiA would not address fundamental questions about the future structure in the new organization until after the merger was formally passed, UiS tried to

compromise and identify the positive synergies before formally implementing a merger, UiA would. However, the timeframe for this merger process was rather short and it cannot be concluded whether or not a longer time aspect would have changed the situation. Nonetheless, it can be concluded that the challenge at UiA was to pass a decision to merge in general, but that UiS had to find a solution on how to agree on a merger with HSH. That UiS and HSH were not able to agree upon a mutual merger platform became a decisive factor in the process. Despite the lack of compromises, the Rector was supportive and positive for a very long time, but as the final drafts were inconsistent, the Rector also agreed to terminate the process. The findings show that when the Rector departed from her supportive standing point, the decision-makers who were still supportive of a merger followed resulting in a decision to terminate the merger. The decisive factors at UiS are different from the factors at UiA as the foundation of the conflict vary. As the discussion shows, the internal resistance increased due to weak organizational anchoring, lack of sense-making and the decision to extend the process by one year. The resistance from the internal stakeholders also had an impact on the external stakeholders outside of the board and made some of them change their standing point from supportive to opponent towards a merger with HiT. The tremendous mobilization among UiA's stakeholders were towards the end of the process recognized by the Rector who changed her standing point and voted against a merger. The discussion indicates that as a consequence of the Rector changing her opinion, some of the decision-makers, who until the last board-meeting had been supportive of a merger, also voted against the merger between UiA and HiT.

The two merger-processes share some characteristics but are also quite different on some aspect. Both processes are affected by the Ministry's signals in the beginning due to uncertainty of what would happen if they did not merge, but how UiA and UiS aim to achieve the goal of a merger vary and are affected by different internal and external factors towards the final decision. Nonetheless, the characteristics of the processes become similar again towards the end of the process when the Rector's standing point is a determine factor for the supportive decision-makers to leave their standing point and vote against a merger.

## 7.0 FURTHER RESEARCH

This thesis has looked into the internal and external factors that may have affected the decision to not merge at UiA and UiS. It has been four years since the structural reform was introduced by the Government, and the result of the mergers is now being evaluated. Whether or not the results of this evaluation will create more mergers due to mimetic isomorphism is too early to conclude on, but I believe that my study can give some indications on factors that need to be brought into focus when introducing a merger process in HEIs in the years to come. Even though this study gives some indications about internal and external factors, the “human factor” is unpredictable and it is difficult to predict how the decision-makers perceived the factors from their environment. The time aspect is also important to address, and several of the informants expressed that they had put this process behind them which might have affected their memory and perception of what happened.

For further research, there is several aspects on national and international level that is important to address. For further research on a national level it would have been interesting to go deeper into one of the processes. This was not possible at this point due to the time limit and the complexity of the cases. A more in-depth single-case study would give a more thorough insight on the internal process by including the working groups and management in the study. Further, as internal and external stakeholders are viewed to have a great impact on these decisions it would be interesting to get an insight on their perceptions of the process, especially in regard of the coalitions and lobbying. In addition, as the UiS-case was viewed as closed among the stakeholders it would be a great contribution to the research to investigate the internal and external factors more thoroughly by involving more informants in the research. On an international level, as all the Nordic counties have been through comprehensive structural changes in the HE-sector, further research could conduct a cross-border comparative case study identifying internal and external factors that have affected the decision-making processes related to a merger process. It would especially be interesting to investigate these factors between counties that have different educational systems.

# RESOURCES

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# APPENDIX 1: INTERVIEW GUIDE

## Introduction

- Can you tell about yourself? What are you doing today?
- What was your position when you were in the University Board?
- What was your motivation for being a part of the board?
- How many periods were you a board-member?

## Strategic interference

- Can you draw a timeline of what you view as important events during the merger-process that you believe have had important impact on the outcome?
- There have been several meetings regarding the merger, can you tell about the dynamics within the board and to what extent it changes during the process?
- What was the goal with the process? And was there an agreement about this goal?

## Stakeholders

- Who was the most important stakeholders in the process? Both internal and external.
- To what extent did the different stakeholders' groups have an impact on the decision?
- Where there any difference between the internal and external representatives in the board?
- To what extent was internal and external stakeholders included in the process?
- Were there any rounds of hearings? Did these affect the decision? Did any of these consultation responses have a greater impact than others?

## The decision

- How was the decision reached?
- When did the board realize that a decision was made?
- To what extent did you change your position/point of view during the process?
- What affected this change in the point of view? Internal vs. external factors.
  
- Anything you would like to add?
- Is there anyone else you would recommend me to talk to?

# APPENDIX 2: REQUEST ABOUT PARTICIPATION

## Forespørsel om deltakelse

### Formål

Denne masteroppgaven handler om beslutningen om en eventuell fusjon som fant sted på Universitetet i Agder og på Universitetet i Stavanger i 2014 og 2015. Formålet med prosjektet er å identifisere hendelser som har vært avgjørende for at institusjonene besluttet å ikke gå videre med en fusjonsprosess.

Opplysningene som innhentes gjennom intervjuer er nødvendige for å kunne identifisere disse hendelsene fra både et internt og eksternt perspektiv.

Behandlingsansvarlig er **Universitetet i Agder**.

### Metode

Opplysninger til denne oppgaven vil innhentes gjennom personlige intervjuer med sentrale personer i prosessen. For deg som deltager innebærer dette å delta i et semi-strukturert intervju og bidra med dine innblikk og forståelse av fusjonsprosessen.

Opplysninger som samles inn i tillegg til dine bidrag gjennom intervjuet, er din stillingstittel på tidspunktet. I tillegg vil navnet ditt være identifiserbart. Disse personidentifiserbare data vil kun være tilgjengelig for student og veileder.

### Konfidensialitet

Intervjuer vil ikke offentligjøres, og vil dermed ikke være direkte personidentifiserbare. Når prosjektet avsluttes vil intervjuene slettes.

### Dine rettigheter som deltager

Det er frivillig å delta i undersøkelsen, og du kan trekke deg så lenge studien pågår uten å oppgi grunn.

Som deltager i denne studien har du rett til å be om innsyn, retting, sletting, begrensinger, protest (ikke hvis samtykkebasert) og dataportabilitet (kun hvis samtykkebasert)

Du har rett til å klage til Datatilsynet

### Kontaktpersoner

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Sted/dato

Sted/dato

Signatur Deltager

Signatur masterstudent