

Cultural Due Diligence: An Investigation into its Significance in Tertiary Education Mergers in Scotland.

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ABSTRACT

Mergers are a fact of life in the private sector and are increasingly becoming a factor in the public sector. Organisations seek to merge in order to survive or grow by accruing benefits of scale, better or cheaper access to resources or by overcoming barriers to entry into existing or new markets. Financial shocks can play a part in increasing merger activity (Andrade et al., 2001; Harford, 2004) and the tertiary education sector in Scotland has witnessed a number of mergers in the last two decades, the most recent of which have been at least in part driven by the need to reduce public expenditure.

This study considered the guidance afforded to tertiary education institutions in Scotland and highlighted the paucity of support offered in the important area of bringing human resources (of potentially disparate organisations) together in a merger situation. The cultures of organisations were a primary focus, since they are the embodiment of the assumptions, values and behaviours which form the 'soul' of an organisation. The study acknowledged the prevalence of financial and legal due diligence in the pre-merger phase, arguing that there should also be an explicit consideration of 'cultural due diligence' (CDD).

An exploratory case study method was used to examine whether cultural aspects were investigated in a particular merger involving two Scottish colleges. A number of respondents, drawn from the governance, executive,

management and supervisory strata were interviewed in order to ascertain the level to which cultural issues had been addressed at the pre- and post-merger stages.

The research identified some activity pertaining to culture identification in the pre-merger stage but found little evidence that values and behaviours had been a specific focus, thereby suggesting that detailed cultural issues were not a priority at that stage in the process. The post-merger phase was characterised by a breakdown in interaction between the college executive and the remainder of the organisation precisely at a time where increased leadership and communications and the rebuilding of trust were called for.

Based on the research findings, CDD is explicitly defined and a set of principles to guide the conduct of a CDD exercise are offered as a contribution to existing practice. Enhancements to the existing merger guidance are made relating to CDD, continuous monitoring of progress towards a new culture by both governors and the executive and the selection and profile of leaders in a merger. Finally, a number of suggestions for future research are made in support of the premise that organisational culture and CDD in particular are important elements of any merger.

LIST OF ABBREVIATIONS

CAQDAS	Computer-aided Qualitative Analysis Software
CC	Community College
CDD	Cultural due diligence
CE	College of Education
CI	Central Institution
EU	European Union
FE	Further education
GEMS	Governors, Executive, Managers and Supervisors
HE	Higher education
HEI	Higher education institution
HN	Higher National qualification
HR	Human Resources
JBS	Joint Business School
JEF	Joint Engineering Facility
MC	Merged College
MP	Member of (UK) Parliament
MSP	Member of the Scottish Parliament
NPM	New public sector management
NQ	National Qualification
OECD	Organisation for Economic Co-operation and Development
SFC	Scottish Funding Council
TEI	Tertiary education institution
UC	Urban College
UK	United Kingdom
USA	United States of America
WWII	World War 2

1 INTRODUCTION AND AIMS OF THE STUDY

Mergers are a fact of life in the private sector as companies seek to survive and/or grow by consolidating their assets with other organisations to provide benefits of scale, better/cheaper access to resources, or to create a 'critical mass' to allow the merged entity to overcome barriers to entry (Trautwein, 1990). Mergers are also increasingly becoming a feature of the public and not-for-profit sectors (Bates and Santerre, 2000; Eastman and Lang, 2001), particularly since the effects of the worldwide financial crisis of 2008 on tax revenues and therefore public spending, forcing organisations together to increase their share of available public support and to allow operations to be run more efficiently (usually through providing the same level of service with fewer public servants).

In the education sector, merger goals (see 2.7.3) tend to focus on achieving administrative, economic and academic benefits by combining institutions into one larger organisation, yielding qualitatively stronger academic units and better management and use of resources, including support services (finance, human resources, quality etc) (Mok, 2005). However, there is some evidence to suggest that support services can actually grow in size in a post merger organisation due to the increased complexity of the larger institution (Skodvin, 1999).

This study investigates merger in the Scottish tertiary education sector: a particular case of two colleges which merged in 2005. The merger in question took place at a previous employment site of the researcher and an exploratory case study method was chosen (see 3.2.4) to permit the researcher to be as flexible as possible (Meyer, 2001), to allow the true nature of the case study to emerge and to permit challenges to the researcher's preconceived views and assumptions to emerge while studying the case (Flyvbjerg, 2006). The case study method was also chosen as it provides the best approach to describing what was happening inside the phenomenon (Eisenhardt, 1989), particularly in an instance where the phenomenon and context were sufficiently intertwined to require some sort of 'separational' analysis, and where the context might be an important element in understanding the phenomenon (Yin, 2009). The intended output from the research was to enhance the guidance available to institutions considering merger, particularly with regard to the identification of the merging organisation's cultures and determination of the culture of the merged organisation.

1.1 Background

As detailed in section 2.5, the tertiary education landscape in the UK, and Scotland in particular, has changed considerably since 1992 when, via the Further and Higher Education Act, universities and colleges were given greater autonomy in how public funding to these institutions was expended in exchange for greater accountability. This increase in liability to the

government (via 'arms length' funding bodies) largely manifested itself in resources being allocated by these bodies against performance targets and measurement of outcomes (MacCarthaigh and Horan, 2010; McDaniel, 1996; Mok, 2001; Veugelers and Van der Ploeg, 2008). The transition to this autonomy/accountability culture was repeated in a number of Anglo-Saxon countries (e.g. the USA, Canada and Australia) and many governments insisted on financial, quality and performance data being made publicly available to stakeholders as a means of securing public support for the accountability regime (Salmi, 2008). Increased autonomy helped governments by freeing institutions to respond to the needs of the market (including government economic objectives) and allowed institutions greater freedom to attract financial support from other sources, thereby reducing the institutional dependence on the public purse over time (Sporn, 2001). The autonomy/accountability dichotomy was driven by national governments' increasing awareness of the importance of a highly educated workforce as a key to international competitiveness and these accountability strategies were therefore closely linked to national economic objectives to secure future human resources for targeted economic sectors (Fielden, 2008).

In Scotland, the Scottish Funding Council (SFC) is the body tasked with exerting control over tertiary education institutions' accountability through the mechanism of funding allocation and, increasingly, an element of competition between institutions is used to disburse funds for initiatives such as boosting student numbers (usually from the more economically disadvantaged areas), estates development and other large projects which would not normally be

possible from within an institution's resources without some external financial support. Accountability is further enhanced by a growing 'audit culture' with bodies such as Audit Scotland, the Quality Assurance Agency for Higher Education (QAA) (largely focused on universities), Her Majesty's Inspectorate of Education (focused on colleges) and the Research Excellence Framework (REF) all monitoring and reporting on various aspects of institutions' business to ensure standards and preferred outcomes are being maintained (Bargh et al., 2000; Henkel, 1997; Scott, 2001).

The increasing competitiveness of the tertiary education sector in Scotland has been reflected in a contraction in the number (if not size) of institutions, with a number of mergers having taken place in both the university and college sectors (see APPENDIX 1 for a list of Scottish tertiary education mergers since 1994). As can be seen, the early wave of mergers were characterised by universities merging with (much smaller) institutions including colleges of arts and education and, although the reasons for these mergers are not readily apparent from the literature, it is assumed that these mergers took place due to the relative financial insecurity of the smaller institutions and/or a desire on the part of the universities involved to expand their curriculum. The cluster of college mergers in academic years 2012/13 and 2013/14 were a direct result of Scottish Government policy to reduce the number of Scottish colleges, merging institutions on regional lines to develop college provision, reduce duplication and increase efficiency (Scottish Government, 2013). This programme of mergers has seen the number of colleges in Scotland reduce from thirty six to fifteen.

Institutions contemplating merger have been provided with both financial assistance and advice and the initial guidance, issued by the Scottish Funding Council in 2008, although containing helpful information on options appraisals, due diligence reviews, consultation and communication and the format and content of merger proposals, failed to provide detailed direction on the human resources aspects of the merger process. Given this researcher's involvement in two mergers (actually one privatisation and one merger), it was evident to the researcher that a lack of focus on human resources in any publication intended to assist in preparing for a merger process was a significant omission. Mergers tend to be a 'one off' occurrence for any manager and, even in cases where managers may be exposed to multiple occurrences, mergers can be sufficiently different that it is unlikely for a manager to learn from the experience such that management of future mergers is improved (Cartwright and Cooper, 1992). This realisation was reinforced when later guidance published by the SFC, supported by findings from earlier mergers in the Scottish tertiary education sector, included specific reference to human resources, organisational cultural and, in particular, the conducting of a 'cultural review' during a merger, stating that *"There is a substantial body of research, as well as considerable experience from previous college mergers in Scotland, which claims that the vital issues in ensuring change is effective include a range of cultural and leadership matters"* (Scottish Funding Council, 2013: 24). This guidance was added to a growing body of literature gathered by the researcher on the importance of

organisational culture and indicated that this topic (and enhancements to the guidance) would be a primary focus of the study.

1.2 The Researcher

At the outset of this study, the researcher took some time to consider his own background, experience and values (i.e. his axiology) prior to embarking on the final selection of the research topic, as it was recognised that the researcher's axiology would have a bearing on both the general approach to the research and a more detailed impact on the selection of the philosophical approach, methodology and methods (and data collection methods in particular).

The researcher began his career as a mechanical engineer in the late 1970s and was active in the engineering sector for over twenty years before making a career change to the education sector. The training and experience gained at a young age in the engineering sector guided the researcher naturally towards a positivist outlook, i.e. a dependency on the supposition that all mechanisms in nature are governed by law-like relationships (Porpora, 1998). During the early stages of the DBA programme, the researcher was exposed to a range of new philosophies and methodologies and decided to pursue the study from the Critical Realism philosophical approach (see 3.2.3), which was chosen partially because of the recognition that critical realism acknowledges the world has an ordered, intelligible and relatively enduring structure (Joseph, 2004) whilst recognising that all knowledge is

fallible, partial and probably transient (Lawson, 1999; Scott, 2005), due at least in part to the researcher's inability to collect all relevant data or due to their own axiological position (Scott, 2010). The Critical Realist outlook also fitted with the researcher's axiological belief that there could not possibly be a single 'solution' to a social science study due to the constant changes caused by the subjects (i.e. people), their inter-relationships and structures they create (Ackroyd, 2004; Fairclough, 2005) and the effect that the researcher may play in influencing the objects of the study (i.e. the people and their social structures). The researcher was drawn to the critical realist contention that it was possible to study these structures and the mechanisms which create and sustain them by building a model (mental or otherwise) of the mechanism(s) and objects in a phenomenon under consideration using the knowledge collected. If the output of the mechanism matched the data collected about the phenomenon, then the researcher could claim a tendency (not a certainty) for the mechanism to exist (at least at that moment) (Danermark et al., 2002; Roberts, 1999; Steinmetz, 1998).

One of the attractions of adopting the critical realist approach was its compatibility with a wide range of research methods, while accepting that selection of appropriate methods was vital and must be relevant to the objects being studied and what the researcher wishes to learn from them (Sayer, 2000). Given the positivist development of the researcher and the focus of interpretivist methodologies on discourse, human perception and motivation (McEvoy and Richards, 2006), the researcher considered that it would be instructive to approach the study from an interpretivist viewpoint in

order to assess the efficacy of this alternative methodology. In arriving at this decision and having acknowledged that the study would be in the general area of mergers in the education sector, the researcher was persuaded by the argument that interpretivism acknowledges that both researcher and researched exist within a common society (constructed by the individuals in that society) which will be constantly evolving, therefore the use of positivistic methods which attempt to 'freeze' the research site would be incompatible with the research area (i.e. an educational establishment full of people further complicated by researching an event which had happened years in the past) (Reed, 2008). Furthermore, the research methods would have to be designed to meet the requirements of the social setting at a particular point in time (Bailey et al., 2008) with a focus on small scale, intensive interaction between the researcher and the study participants (McEvoy & Richards, 2006) and would have to take the context of the situation into account (Morgan and Smircich, 1980). In making this choice, the researcher acknowledged that they would be creating knowledge and findings that would be difficult (if not impossible) to generalise (Kim, 2003). However, the analysis of the case study should foreground a number of important issues and principles useful to practitioners and researchers involved in future merger activity.

1.3 Selection of the Research Study

As mentioned above, the researcher moved from the engineering sector into education (in 1999) and, as the DBA is aimed at improving practice in an

applied manner, it seemed appropriate that the study should focus on a relevant aspect of the education sector. The researcher's career within education had concentrated on governance matters within educational establishments (both colleges and universities) in Scotland and the initial approach was to look at conducting research into some aspect of this element of educational organisations. While considering this, and following a discussion with DBA programme staff, the researcher's involvement in a merger of two colleges was discussed, together with experience of a privatisation event in the defence sector which bore all of the key hallmarks of a merger (i.e. massive change event, huge uncertainty, unrest and demotivation amongst staff, etc) and it was considered appropriate to further investigate the subject of merger in an educational setting as a starting point for identifying a research project. This provided the initial 'stepping off point' for the literature review and refinement of the study's aims and objectives and development of the research question(s).

1.4 Literature Review

The researcher's initial entry point to the topic of college merger was the aforementioned guidance published by the Scottish Funding Council in 2008 (Scottish Funding Council, 2008) which provided both universities and colleges with key guidance on how a merger exercise should be conducted. This guidance was notable in that it contained almost no reference to the assessment of the human resources in the merging institutions, an omission which the researcher considered to be of considerable importance, since any

educational organisation is heavily dependent on the motivation and quality of its human resources.

It was therefore decided that the literature review would focus primarily on the following topics:

- Developments in tertiary education provision and policy, from a global, national (i.e. UK) and local (i.e. Scottish) perspective;
- The mechanism of merger, from a private sector and public sector viewpoint, focussing in on literature relating to mergers in the education sector, and
- The human resources involved in a merger, the potential effects that such a large change can have on the effectiveness, motivation and morale of those involved and the processes and approaches which could be used to minimise these effects.

On embarking on the literature review (detailed in chapter 2) it became apparent early in the process that the vast majority of literature available to the researcher pertained to universities rather than colleges (and Scottish colleges in particular). This was not considered to be a major issue, since colleges and universities (in Scotland at least) have a number of common elements: they both have a student body and academic and non-academic (support) staff; they are both governed by bodies which are largely composed of lay members which set the strategy for their institution and

appoint the executive leader of the institution and they are all regulated to some degree by the Scottish Funding Council (SFC) which provides a level of public funding in exchange for a level of accountability (Caldwell, 2003; Cannon, 2001; Estermann and Nokkala, 2009; McNay, 2005). It is the university's primary functions of teaching for, and awarding of, degrees and conducting research activity which sets these two types of institution apart (although there is a degree of overlap in the former, as some Scottish colleges teach the first and second years of degree programmes in association with partner universities) (Paterson, 2003; Scott, 2001; Thomson, 2003). The issues facing colleges and universities in a merger situation would also be very similar, e.g. merging of the governing body; decisions relating to the name and branding for the merged institution; bringing together of staff, departments, systems, processes, IT networks; rationalisation/development of estates; legacy issues relating to students already in the institutions' 'pipeline'; treatment of financial and legal liabilities, etc.

The literature review was approached by the researcher from a point of view that it was best to start from a macro perspective of tertiary education to provide some over-arching context. An initial study of the development of higher education (from the creation of Bologna University in the 11th century) (Rhodes, 2001) to the present day (see 2.1) led the researcher to look at how the post-industrial knowledge economy and increasing globalisation (sections 2.2 and 2.3 respectively) had affected the tertiary education sector and the consequences of the massification and marketisation of education

which developed in the latter half of the 20th century. This led the researcher naturally to a more focussed study of the development of higher education in the United Kingdom and thence to an appreciation of the tertiary sector in Scotland and its similarities and differences from other parts of the UK, including the influence that the devolved Scottish Government exerted on the sector.

The subject of merger (section 2.7) was the next topic of study and, again, a macro view was initially gained by studying the issue of merger in the private sector (where it is most prevalent). This led to an appreciation of the different types of merger which were possible and the key drivers which led organisations to consider merger as the most appropriate next step in their corporate evolution. The high incidence of failure in mergers in the private sector was highlighted in the literature and led the researcher to ponder why this failure rate did not appear to apply to educational mergers and suggested further reading on research conducted into the factors considered to improve or reduce the chances of a merger being considered a success. The importance of due diligence in a merger was researched and highlighted the importance of discovering and dealing with the liabilities of the merging entities. A focus on the human resources aspect of mergers completed this part of the review and focused particularly on the causes and effects of stress on the participants in a merger (see 2.7.5) and the importance of communications throughout such an exercise as (amongst other things) a stress-reduction tool.

The importance of gaining the trust of employees in a merger situation and in reducing the stress of such a large change management programme led the researcher to investigate the importance of organisational culture in a merger and this formed the third and final section of the literature review, together with a review of the available guidance to the Scottish tertiary education sector. The study of culture convinced this researcher that organisational culture was a powerful force within an organisation and would form an important part of the successful combination of two (potentially disparate) organisations. This led the researcher to develop the aims and objectives of the study, i.e:

Aim

"To evaluate the importance of cultural due diligence (CDD) in a merger and to identify whether CDD is a recognised process/activity in the context of the merger of Scottish TEIs"

Objectives

- Define and explain the meaning of CDD in the context of TEI mergers;
- Evaluate the significance of CDD in the TEI merger process;
- Ascertain whether cultural merging activity is planned prior to a TEI merger;
- Identify whether CDD is explicitly/implicitly or formally/informally conducted in TEI mergers;

- Review and suggest amendments to currently available guidance on preparations for merger in the Scottish tertiary education sector which recommend significant consideration of the importance and value of CDD in the due diligence process, and
- Construct a set of CDD principles to improve future merger processes.

By investigating and identifying aspects of merger preparations the researcher hoped to make a contribution to theory by developing a definition for CDD and to add to practice by identifying enhancements to the available guidance which would contribute to reducing the uncertainty and related stress encountered by employees in a merger. The construction of a set of general principles relating to cultural aspects of merger preparation, implementation and ongoing management of future mergers was seen as a positive contribution to the management of these activities in a more effective and people-centred manner.

1.5 Data Collection and Analysis

The research question and aims and objectives of the study established during the literature review provided the researcher with some direction regarding the research methods which could be used to collect and analyse the data required to answer the research question. The first issue was whether the research should focus on a number of mergers or a single merger. A number of college mergers were underway at the time this part of the study was being contemplated, but it was considered that, in order to

collect data pertinent to answering the research question, the merger would need to have been concluded with a period of time having passed to allow respondents time for reflection on the success or otherwise of the process.

Having decided that the Scottish tertiary education sector would be the focus of the study, a number of mergers in the past decade were identified and contact was made with the current organisations to gauge whether they would be willing to take part in the study. All of those potential cases contacted apart from one declined to participate, for reasons including poor recollection of the merger due to the passage of time, lack of participants who were around during the merger, or simply 'research fatigue' i.e. the merger having been the subject of previous studies. The establishment which agreed to participate in the study (perhaps rather unsurprisingly) was a past employment site of the researcher and many of the researcher's ex-colleagues agreed to participate as respondents. Identification of a number of respondents from both of the pre-merger colleges was concluded and happily, a good mix from both colleges, as well as representation from the governance, executive, middle management and supervisory levels was secured.

The adoption of a single case study approach suggested a number of quantitative and qualitative data collection methods and analysis which were investigated and it was decided that semi-structured interviews would be used to collect the data. This method was chosen primarily to allow the

researcher to control the data collection process (using structured interview questions) and to allow the researcher to distance themselves from previous relationships and experiences which might bias the data (by closing down 'off piste' discussion), while at the same time allowing some flexible interaction with respondents (by the use of follow-up questioning) to ensure the data collected was as rich as possible.

The data collection phase was complemented by a data analysis phase which made initial use of a Computer-Aided Qualitative Data Analysis Software (CAQDAS) package to identify common themes emerging from the data, which was then followed by a manual process whereby the researcher developed a matrix which allowed the common themes to be compared across the 'classes' of respondents and to allow the data analysis to be drawn into conclusions and implications for practice. The main study was preceded by a short pilot programme, conducted with two respondents which allowed both the data collection and data analysis processes to be tested. Both seemed to work well and minor alterations were made to the interview question matrices (to accommodate differences in the focus of the 'classes' of respondents) in advance of the full study.

1.6 Conclusion

This chapter began with a brief introduction to mergers and the reasons why they continue to be popular in both the private and public sectors, and then introduced the subject of the study as a merger between two Scottish

colleges. Following some background to the Scottish tertiary education sector, the chapter then introduced the researcher and provided some background relating to the researcher's axiology and the reasons why an interpretivist, rather than positivist, approach was taken to the study, i.e. as a challenge to the researcher's positivist professional training and experience and as a means to better understand the pros and cons of conducting a study from an interpretivist standpoint. The intention to make a contribution to theory, by analysing what is understood by CDD and offering a definition which captures the meaning of this activity, and to contribute to practice, by identifying enhancements to the available guidance and providing of a general set of principles related to the conduct of CDD is outlined.

The chapter concludes by giving a brief description of the data collection and analysis methods chosen for the study and how the output from a short pilot affected the conduct of the main study.

2 LITERATURE REVIEW: TERTIARY EDUCATION MERGERS

The literature review initially focused on three key themes: an appreciation of the history and development of tertiary education from a global, national and local (i.e. Scottish) perspective; an appreciation of the subject of merger including key drivers and factors of success and failure, and a review of the available literature on the importance of human resources in a merger. In each of these themes, the researcher began from a macro perspective, investigating subjects from a general view point and using the literature (and associated references) to then focus on specific areas of interest. An investigation of employee trust and stress and the importance of communications led the researcher to the subject of organisational culture as a powerful component of merger and a realisation that the guidance offered to tertiary educational institutions in Scotland was deficient in this regard.

The mechanism of merger, where two or more bodies previously under the aegis of separate governing entities (e.g. board of directors, board of trustees) come together as a single entity under one governing body (Burke, 1988a; Harman and Harman, 2003) is more common in the private sector than in the public sector. A merger between two bodies can take place in a number of configurations: a vertical merger refers to two organisations coming together whose products or services are successive processes in the same industry, while a horizontal merger is a combination of organisations offering the same products/services in the same industry. Horizontal mergers are much more likely to benefit from economies of scale and will therefore

embark on major change programmes much earlier in the post-merger period. Integrating two different organisations is the main challenge in this type of combination (Cartwright and Cooper, 1995). Conglomerate mergers will bring together organisations in unrelated fields, while concentric mergers will combine organisations in unfamiliar but related fields (Botha, 2001; Cartwright & Cooper, 1992; Cartwright and Cooper, 1994).

Mergers can be friendly (both parties are accepting of the amalgamation) or hostile, where one (usually the acquired) party is resistant to the combination (Botha, 2001). There are a variety of merger models, including absorption, where the acquired organisation is subsumed entirely into the acquiring organisation; blending, where the identities of both the acquired and acquiring organisations are preserved, or combination, where the identities of both organisations are discarded in favour of a completely new identity for the merged organisation (this usually is the case where the organisations are of a similar size) (Eastman & Lang, 2001; Giessner et al., 2006; Mirvis and Marks, 1992b).

Mergers have a number of common components: they (particularly those of the horizontal type) can involve the bringing together of the organisations' estate, plant/equipment and key processes (including those involved in strategic and operational management) to benefit from economies of scale. The degree to which these elements will dominate the merger process will depend on the type of merger (e.g. horizontal vs. vertical) and the merger

model adopted (e.g. the absorption/ blending/ combination continuum noted above). In all of the above, there are well developed processes for bringing disparate resources together in order to achieve the aims of the merger, usually involving activity being conducted by the acquirer on the target organisation to determine the level and appropriateness of its resources and liabilities and formulation of a plan to pool/rationalise these resources and minimise liabilities where appropriate. In addition, organisations will conduct activity intended to ensure that the 'numbers work' (Clemente and Greenspan, 1998) and accordingly this due diligence exercise will primarily focus on the financial and legal aspects of the merger (Schmidt, 2002).

The resource which is however common to all organisations, and thus to all mergers, which is not usually included in the due diligence process is the people involved in the merger process. In this researcher's personal experience (one privatisation and one merger) due diligence was not conducted on the human resources available in the merging organisations, thereby effectively ignoring the possible benefits and problems of merging this key resource. This study will therefore set out to focus on the human element of mergers and to examine the importance (or otherwise) of steering the due diligence activity towards the human resources involved in a merger situation. Consideration of the above led the researcher to develop the following 'working proposition' (Shields and Tajalli, 2006) prior to embarking on the full literature review:

“That there is little attention paid to the due diligence of human resources of merging TEIs in Scotland.”

This working proposition was used to guide the initial selection of topics in the literature review i.e.:

- The background and development of tertiary education from a global, national (UK) and local (Scottish) perspective;
- An exploration of merger as a business tool (e.g. merger typologies, merger drivers, success and failure factors) and the effects of merger on employees, and
- The importance (or otherwise) of effectively combining human resources when merging organisations.

This review therefore begins by investigating the history of higher education from a global viewpoint, and then focuses on UK and Scottish development of the tertiary education sector, i.e. the university and college sectors. The review moves on to look at organisational mergers in the private and public sectors, the drivers behind such organisational combinations and the factors for failure and success. The review identifies organisational culture as an issue in mergers and therefore a detailed review of the literature on this subject is undertaken with particular emphasis on the influence of organisational culture in a merger scenario. The work of Schein and Cooper & Cartwright feature prominently in this section and suggest a model, the

'cultural continuum', which could be used to identify organisational cultures pertaining to merging bodies and the management of the subsequent post-merger culture through the extension of the merger due diligence process to identification and management of the cultural aspects of the combination.

2.1 The Development of Global Higher Education

Globally, higher education (HE) has a long and relatively stable (if evolving) history and universities are generally adept at surviving adverse trading positions, with many having survived for several centuries (some by merging at appropriate times to avoid failure) (Buckland, 2004). Of all the institutions established in the Western world by 1520, eighty five still exist today and seventy of them are universities (Altbach, 2004; Damrosch, 1995; Rhodes, 2001). Centuries of tradition have accorded universities high regard in societal terms for providing advanced learning and specialist knowledge and as the principal educational means towards a better life (Kashner, 1990). However, until the latter part of the 20th century, there was a general disconnect between the need for economic and social development and the mission of universities (Harloe and Perry, 2004), with universities being largely left to develop their graduates as they saw fit to prepare them for working life. As the economies of the Western world became increasingly sophisticated and reliant on knowledge, rather than manual labour, governments began to take an increasing interest in the output of these institutions and graduates' readiness to participate immediately in generating economic benefit.

Over the last three decades, this development has led higher education to be dominated (in Anglo Saxon countries at least) by three factors: massification, managerialism and marketisation. The development of mass higher education after WWII, due to the social and political changes which occurred immediately after the war, meant a rapid growth in university enrolments, both in absolute numbers and in the proportion of the traditional age cohort (Gibbons, 1998; Trow, 2013). Governments saw universities as the future factories which would provide the feedstock for the knowledge economy, providing a supply of well-qualified graduates to work for the global multi-nationals drawn to their country by this workforce (Miller, 1995). This expansion meant that university funding became a greater proportion of state budgets than before (Kelleher, 2006; Kogan and Hanney, 2000).

The massification of higher education started in earnest in the 1960s in response to the need for more graduate-level employees in the emerging post-industrial economy. Massification promoted the benefits of higher education and research to steadily increasing population groups while at the same time making HE less exclusive and less associated with elevated social status (Bleiklie and Byrkjeflot, 2002). This phenomenon continues to the present day where the Organisation for Economic Co-operation and Development (OECD) countries have almost doubled the proportion of their populations with higher education qualifications, increasing from 22% in 1975 to 41% in 2000 (Akonkwa, 2009; Jacobs and Van der Ploeg, 2005).

The massification of higher education and the increasing complexity of university management also drove an increasing "managerialism" in the HE sector, largely manifested in corporate sector-style governance and management practices (McTavish, 2006; Swansson et al., 2005). In the UK, the Conservative government in the 1980s held that the superiority of the private sector over the public sector arose from competition but also from more efficient and effective management techniques. The focus in the late 1980s and 1990s was thus on introducing managerialism into the public sector (including the education sector) in order to make dwindling financial resource (i.e. the education budget) go further as massification progressed.

The key features of this new public sector management (NPM) included a shift from inputs and processes towards outputs and outcomes; a move towards measurement and quantification; a preference for flatter organisational structures and the marketisation of public services, including introduction of open tendering for services and an emphasis on service quality and consumer orientation (Bargh et al., 1996; Middlehurst, 2004; Pierson, 1998). The growth of managerialism saw experts (i.e. academic staff) supplanted by layers of management, whose main task was to monitor and supervise output. Power and responsibility, together with trust, shifted from the expert to the manager and academic staff's power was eroded (Deem, 1998; Henkel, 1997; Humphrey et al., 1993; Waugh, 1998). Coupled with this was recognition of the 'information society' as the replacement for

the post-industrialist society. Both the modernisation of the economy and the information society were implemented in many economies but in different proportions (Arbo and Benneworth, 2007).

Massification and managerialism encouraged mergers (Eastman & Lang, 2001; Eddy, 2010; Harman & Harman, 2003; Harman and Meek, 2002; Martin and Samels, 1994; Millett, 1976; Mok, 2005; Skodvin, 1999; Temple and Whitchurch, 1994). Institutions unable to grow organically due to physical or curricular limitations considered merging with those institutions which had the required estate, staff or courses to increase their public funding income and by doing so, to increase their comprehensiveness and flexibility. The rise of managerialism encouraged educational leaders to act in a more corporate manner, part of which (particularly in the 1980s and 90s) was a drive to expand 'their' business.

2.2 The Knowledge Economy

One of the key influences on the HE sector in the past few decades has been the global rise of the knowledge economy which, in common with massification and managerialisation in the HE sector, has its genesis in the post WWII years, where the production, rather than the transmission, of knowledge (particularly research) was taken up by universities and became one of their core values (Gibbons, 1998). Ironically, one of the principle consumers of this knowledge were government agencies (Damrosch, 1995) while presiding over a regime of public funding cuts (Conceição et al., 1998).

The knowledge economy was founded on the concept that post-industrial economic success was centred on human capital and therefore tertiary (i.e. university and college) education rapidly transformed into a tool of economic development, partially supplanting the system of producing elites such as doctors, ministers and lawyers (Arbo & Benneworth, 2007; Benjamin and Carroll, 1998; Eastman & Lang, 2001; Harloe & Perry, 2004; Henkel, 1997; Scott, 1990). Education became less part of social policy and more part of economic policy (Slaughter, 1998). In the knowledge economy, the minimum educational level for the workplace was one which maximised an individual's capacity to learn. This need for 'training in learning' and university education became the minimum level at which the population could take possession of this skill (Conceição, Heitor, & Oliveira, 1998). Throughout the 20th century, universities developed structures that allowed them to generate new knowledge (i.e. research) in addition to their previous roles of preserving and transmitting knowledge (Gibbons, 1998). The costly nature of some forms of this research saw it being concentrated into a few sites which were able to afford the capital cost of new technology (Gibbons, 1998). Smaller universities could compete by working collaboratively with neighbouring institutions, or by internationalising their activity via networks and research communities with partners who, together, might compete effectively with some of the larger research-intensive HEIs. Another option was to merge with other institutions to create a body with sufficient critical mass and access to the required physical and human resources with which to conduct such research.

Allied closely to both the massification of higher education and the growth of the knowledge economy, the 'marketisation' agenda arose in the 1980s/90s when many Western governments instituted policies which encouraged the development of business and vocational curricula in tertiary education institutions (TEIs), emphasising the value of tertiary education to national economic activity and displaying a preference for market and market-like activity on the part of TEIs. The gap in public funding caused by massification was solved in many countries by raising tuition fees and switching from heavy reliance on publicly-funded grants to student loans (Slaughter, 1998). This move also had the effect of making students act more like consumers as they had a significant financial stake in the service provided by institutions (Natale and Doran, 2012), adding further impetus to the marketisation of higher education.

At this time, TEIs were given greater autonomy with which to distribute their resources internally in return for increased accountability for their output, i.e. alignment with national economic objectives. Marketisation therefore changed the role of the state from one of carrying out most of the work of education to one determining where the work would be done and by whom (Mok, 2001) and tertiary education increasingly took a customer-led approach to its business (Menon, 2003; Stamp, 2001). Issue such as league table positions and branding increasingly became important in the market for attracting the most gifted students and staff (to increase league position

further) with larger institutions more able to devote resources to this (Natale & Doran, 2012). Again, merger was one way in which smaller institutions could increase their mass and access to resources in order to compete.

2.3 Globalisation

Globalisation, which was set in train by deregulation of the financial markets in the 1980s, started a massive restructuring of domestic economies and the global economic system, leading to national boundaries and jurisdictions weakening as networked global cities became more important (Arbo & Benneworth, 2007; Pierre, 2000) and the power of the nation state was challenged (Enders, 2004; Hirst, 2000). Globalisation was embraced by the tertiary education sector, with education seen as a service to be marketed worldwide. Competition was therefore no longer limited to within national boundaries (Melewar and Akel, 2005).

Educational globalisation has been spurred on by two advances: the development and availability of information technology and the adoption of English as a universal language (Altbach, 2004; Bostock, 1999; Slaughter, 1998). English is the most widely studied foreign language in the world and the most widely used second language. English also serves as the language of Internet transactions involving science and scholarship. Globalisation is accelerating tertiary education towards further marketisation, corporatisation and privatisation. The tertiary educational institution is no longer linked to the destiny of the nation state by virtue of its role as a

producer, protector and inculcator of national culture. Public/private partnerships have begun to emerge in several countries which are running public services, including education, with universities providing academic expertise and private providers providing facilities and other infrastructure (Mok, 2008; Newby, 2001; Readings, 1996). There is also a general trend towards global mobility: transnational education can draw the best people and capital out of developing countries, devaluing the education sectors in those countries (Marginson, 2004).

Reputation management is becoming more important to universities in a world where global rankings and accreditation are key concerns for decision-makers, with the TEI having to compete globally for the attention of funders, academics, students and employers. Educational markets are being created all over Europe: funding is changing from being predominantly public to a public/private mix and some previously public universities have been privatised (Aula and Tienari, 2011). Larger institutions have the financial and resource flexibility to participate in this global market: where an institution does not have this critical mass, merger can allow TEIs to expand to a size where entering the global market is possible.

2.4 The Development of Higher Education in the United Kingdom

In the UK, expansion of higher education accelerated in the 1960s, largely as a result of the increasing quality of post-war secondary education producing more applicants. The expansion of the 1980s was more allied to the needs of

business and commerce requiring more highly skilled employees (Scott, 1990). Harold Wilson's Labour government established 29 polytechnics in 1964 which over time merged with colleges of education to provide another route to degree-level education and to become the other half of what was termed the 'binary system'. The government hoped that polytechnics would be cheaper to run and easier to control than the existing elite universities and would more closely address the needs of industry and commerce. By 1987, polytechnics accounted for the majority of students in higher education (Miller, 1995) and in 1992 were made universities in their own right following enactment of the Further and Higher Education Act 1992.

The number of UK universities grew from 24 in the late 1950s to 45 in the mid-1960s and 93 following the 1992 Further and Higher Education Act (Bargh, Scott, & Smith, 1996), although even as recently as 1980, the HE system in the UK was small and exclusive by comparison with the USA and many other industrialised nations (Miller, 1995). Today, UK universities can largely be split between those established prior to 1992 and those after. Pre-1992 HEIs have structures dictated by statute or charters, whereas post-1992 HEIs are prescribed directly by comprehensive legislation passed in 1989 and 1992 (Meek, 2003; Shattock, 2004). Post-1992 HEIs are characterised by more bureaucracy and academic staff fulfilling managerial roles than pre-1992 institutions (Henkel, 1997).

The mix of students studying at UK universities has also changed dramatically. In 1996/97, 86% of all full-time students at UK HEIs were domiciled in the UK, with 7% from the EU and 7% from out with the EU. By 2009/10, only 79% of full-time students were domiciled in the UK; the proportion of EU remained static at 7% (despite the EU enlarging during the period), while non-EU enrolment accounted for 14%. It is now the norm for HEIs to enrol more than 15% of their students from countries other than the UK (Ramsden, 2012). (In 2009/10 the proportions of students enrolling from non-EU international and non-UK EU countries were 11.2% and 5.0% respectively (Kemp and Lawton, 2013)).

The UK HE Sector is no stranger to rationalisation: between 1994/95 and 2009/10 the number of HEIs reduced from 193 to 165, although several new institutions entered the sector from further education or the private sector. Forty mergers have taken place since 1996, mostly involving the takeover of small specialist institutions by larger institutions. This has been balanced to some extent by entry into the sector of a number of specialist institutions (Ramsden, 2012).

2.5 Tertiary Education in Scotland

Education has been a key part of the Scottish identity for centuries and the nation's investment in higher education is demonstrated by the high regard with which Scottish universities are held: in the 2011/12 Times Higher Education World University Rankings Top 200, five Scottish HEIs were

named, with a total of eight institutions named in the Top 400. In the UK, Scotland has a high proportion of students studying higher education programmes, with total enrolments of 10.2% in 2009/10, compared with a Scottish population that comprises 8.4% of the UK total. Scotland is also unique in the UK for the proportion of students who study HE programmes in college: in 2009/10 this was 18.6% of all Scottish HE enrolments, while the corresponding figures for England and Wales were comparatively low at 4.6% and 1.1% respectively. Scottish higher education is further characterised by a joined up and collaborative tertiary education sector (e.g. systems of quality assurance and credit recognition agreed collectively by all Scottish universities); good graduate employability and employment statistics and close links with business, industry and the public sector (including the provision of undergraduate work placements and industry-commissioned research); innovative structures and pedagogy (including flexible learning opportunities and programmes informed by the needs of business and industry), and good performance in securing UK Research Council grants and developing spin-out companies (Kemp & Lawton, 2013).

Scotland currently has nineteen HE Institutions: fourteen campus-based universities; one distance-learning university (The Open University); one academic partnership institution (the University of the Highlands and Islands); one art school (Glasgow School of Art); one conservatoire (The Royal Conservatoire of Scotland), and one agricultural college (The Scottish Agricultural College). The campus-based universities can be further split into three groups: the 'ancient' universities (Aberdeen, Edinburgh, Glasgow and

St. Andrews); the 'chartered' universities (Dundee, Heriot Watt, Stirling and Strathclyde) and the 'modern' (or post-1992) universities (Abertay , Edinburgh Napier, Glasgow Caledonian, Queen Margaret, Robert Gordon, and West of Scotland) (Universities Scotland, 2013). The pre-1992 HEIs are characterised by a strong research base and teaching in traditional academic disciplines, while the post-1992 HEIs specialise in more vocational areas and research is of a more applied nature (Caldwell, 2003). Scotland had 36 colleges in April 2013 although this number reduced to fifteen by November 2013 when a number of regional colleges were created in a series of mergers enforced by the Scottish Government (Colleges Scotland, 2013). A list of mergers in the Scottish tertiary education sector since 1994/95 is included at APPENDIX 1.

Scotland's HEI's are relatively export intensive, providing higher education out with the national border in countries which lack the capacity or capability to develop their own HE sector (Middlehurst, 2002) and draw a significant portion of their funds from sources out with Scotland (Hermannsson et al., 2010). As a group, Scottish HEIs tend to perform well in securing research funding (Caldwell, 2003). Scottish domiciled students pay no tuition fees, with the Scottish Government believing that prime responsibility for higher education funding lies with the state, and therefore access to higher education in Scotland is based on academic merit and not on the ability to pay (Scottish Government, 2010). Scotland also outperforms the rest of the UK in widening access and produces more graduates proportionality than any other European nation (Newall, 2003).

As in England, Scotland had a binary system until 1992, with universities being complemented by a number of regional "central institutions" which were established from 1901. These institutions concentrated on applied science and arts and by 1908 there were sixteen institutions. The aspiration for the central institutions was to turn them into "industrial universities" and in a few notable cases this did happen. In Glasgow, the Royal College merged with the Scottish College of Commerce to create Strathclyde University in 1964. Heriot-Watt College became Heriot-Watt University in the same year and the Dundee campus of St Andrews University re-gained its independence as Dundee University (Paterson, 2003).

Expansion in the 1960s saw universities become less local and more student residences were built to encourage students from other locations. This also encouraged greater diversity in the student population, with many non-Scots enrolling. The focus of the curriculum changed in the 1960s, with arts subjects declining in favour of science, engineering and technology although this growth was short-lived with social sciences (and particularly business studies) becoming more prominent in the 1970s (Paterson, 2003), possibly due to the lower cost of delivery of these subjects to growing student populations.

As in the rest of the UK, the 1980s and 1990s were characterised by massification and rapid growth of the higher education sector, with 50% of all people under 21 engaged in higher education by 2000 (Paterson, 2003).

There were 26 HEIs in Scotland in 1990, although only eight were universities; the remainder were either central institutions (CI) or colleges of education (CE). Of the thirteen CIs, five were large institutions which were granted university status by the Further and Higher Education (Scotland) Act 1992 (the '1992 Act'). Three of the smaller CIs and all five CEs were absorbed into universities via mergers which were all self-imposed.

Scotland's colleges are a product of the early 20th century. Founded largely to produce apprentices for industry, they now offer education to the entire post-16 population. Colleges offer an alternative to years five and six of secondary education and, due to articulation agreements with universities, also provide an alternative to first and second year at university. Scottish colleges are unusual in that all aspects of their provision overlap with other educational sectors, from degree courses to Highers and National Qualifications (NQs), where part of a course is delivered in school and the remainder in college. It is common for any single college to have articulation agreements with a number of universities, depending on the spread of the college's Higher National (HN) programme and the corresponding programmes taught by the university (Caldwell, 2003; Johnston, 2003; Thomson, 2003).

There has been a rise in both further education (FE) and HE activity in Scottish colleges since the mid-1980s, with particularly strong growth in HE, where enrolment increased by 327% between 1985 and 2000. As a result of these changes, the majority of new undergraduate level entrants to HE now begin their studies in colleges, with 52% of all HE undergraduates studying in a college (Gallacher, 2002). The much vaunted figure of 50% of school leavers entering higher education includes a figure of 43.2% (in 2000/01) that did so in a college. If these numbers are discounted, then the age participation index for under 21s entering full-time higher education would be only 31% (Thomson, 2003). Scottish colleges cater for returning adult learners, as they are local and convenient for this cohort of students. The colleges are also more successful at attracting learners from disadvantaged areas than the university sector but are the poor relations in the tertiary sector: the average funding received by a college for a full-time HE student in 2002 was c.£2,900, while the average figure provided to universities was c.£3,900. Colleges therefore argue that it is difficult to match the student experience enjoyed by university students (Gallacher, 2002). Scottish TEIs have considerable autonomy, but because they are at least in part reliant on state funding, complete autonomy to do what they wish is not possible (Cannon, 2001). Accountability is argued to be a clear necessity as long as higher education consumes significant levels of public finance, but it could be argued that increased accountability leads to stifling of innovation (Morrell, 1983).

2.6 Scottish Devolution and Politics

The tertiary education sector in Scotland has been influenced in recent years by the establishment of the Scottish Parliament following Devolution in 1999. It could be argued that Devolution has been good for the Scottish tertiary education sector: everything from primary to university education (with the exception of research funding) was handed over to MSPs (Pickard, 2003). Education continues to be seen as a public good, and the marketisation seen in the rest of the UK has been resisted, with Scottish-domiciled students having free access to tertiary education. This has however come at a cost, with the Scottish Government exerting a significant level of direction to institutions to ensure activities are aligned with national social and economic priorities (Kemp & Lawton, 2013). Devolution has provided Scottish TEIs with far better access to Scottish Ministers than their English counterparts and Scottish tertiary education is a much smaller and better networked community (Bargh, Boccock, Scott, & Smith, 2000). MSPs have more time to spend in their constituencies than MPs and therefore get to know their local institutions well. Policy is therefore being created from a more knowledgeable standpoint due to the proximity of the policy makers to the sector and its issues. Those wishing to influence policy now have much better access to policy makers than before (Alexiadou and Ozga, 2002).

It can be seen that the tertiary education sector in Scotland has not been immune to the major factors affecting the global education sector, i.e. massification, managerialism and marketisation, together with the

emergence of the knowledge economy and increasing globalisation. All of these factors have caused TEIs to examine their standing both in a national and global context and has caused many institutions to seek ways in which they can effectively compete. In some cases this has been by specialisation; in others it has been by working in partnerships or federations with other institutions to create a critical mass, or ultimately it has resulted in the merger of institutions in order to achieve levels of financial security, comprehensiveness or size which address concerns over survival.

2.7 Merger

The section above has highlighted the factors that can drive institutional mergers in tertiary education. This section addresses the other drivers detailed in the literature on both private and public sector mergers. The effects on those affected by merger are discussed, particularly change-induced stress and the importance of leadership and communication in a merger. Finally, the available guidance to Scottish tertiary educational institutions contemplating merger is assessed.

A merger can be defined as the combination of two or more separate organisations, with overall control coming under a single governing body and chief executive (Harman & Harman, 2003). They are highly complex events which have a seemingly endless number of factors which can lead to success or failure (Kavanagh and Ashkanasy, 2006). Mergers are also a type of change: a particularly disruptive kind of change. Individuals will

generally resist change, although they will support such efforts if they understand the need for it (Buono et al., 1985; Dalzell, 2000). Change can lead to those affected feeling disoriented, unsettled, frustrated, unprepared and unable to cope which can lead to staff leaving to seek security elsewhere or can result in generally unproductive behaviour in staff who remain (Applebaum et al., 2007b; Harman, 2002; Kimberley and Quinn, 1984). Mergers are different from other change events due to the speed of change, the scale of change and the critical mass of the unknown they present to both parties (Cartwright & Cooper, 1992; Cartwright and Cooper, 1996; Kavanagh & Ashkanasy, 2006). It is therefore important that leaders are able to create an atmosphere of psychological safety for individuals during a merger, to allow them to grieve for the old order, to engage in new behaviours and to test the waters of the new organisation (Kavanagh & Ashkanasy, 2006; Marks, 1988). Most transitional periods will call for both stability and change to be managed simultaneously (Siehl, 1985). In building commitment to change, managers should provide a clear vision of the future, regularly share and discuss information, demonstrate commitment to change and offer positive reinforcement, including encouraging staff to actively participate in the change process (Covin et al., 1997; Dalzell, 2000).

In the private sector, mergers are used by organisations as a relatively fast and efficient way of expanding into new markets, acquiring new competencies, creating economies of scale, to globalise, to spread risk or even to dominate existing markets (Papadakis, 2005). The principal goal for a TEI merger is usually to achieve administrative, economic and academic

benefits by merging institutions into larger units, yielding qualitatively stronger academic units, better management and use of administrative resources (Mok, 2005), although some research has indicated that merger can actually increase the size of administrative functions, since larger organisations are more complex and these complexities require more administration in order to control them.

The literature suggests that the expected short-term savings from mergers do not usually materialise in education, since funding is needed for staff development and installation or harmonisation of systems. (Wan and Peterson, 2007). The short-term costs of planning, co-ordination and the creation of physical infrastructure can also lead to increases in costs which may take years to recoup (Skodvin, 1999). In any merger, funding will be needed to cover the costs of integrating systems, detailed (and additional) planning, management and communication and possible staff restructuring costs, including redundancies. However, academic mergers will normally produce substantial longer-term gains, although claims of economies of scale need to be treated cautiously (Fielden and Markham, 1997; Harman & Harman, 2003).

Mergers are seen as a special challenge because they are emotive and potentially stressful events for all involved; they create an expectancy of change and therefore create an internal cohesiveness amongst groups of staff (who normally have little to do with each other) which can be an issue;

managers are invariably overconfident regarding the ease and speed of integration, and mergers can cause talented staff to leave in an unplanned way which leads to skills gaps and a lowering of morale and motivation for those left behind. The degree to which these factors can be disruptive to the process will depend on the degree of fit which exists between the merging organisations, and the type of organisational marriage envisaged (Cartwright & Cooper, 1994). This can be compounded because most managers will not have experienced merger and will have no practical experience of the way to approach a merger (if a 'correct' way can be said to exist). Merger can lead to managers being effectively demoted in the merged organisation, particularly if they were from the smaller organisation (Applebaum et al., 2007a; Blake and Mouton, 1984). Mergers are often met with employee resistance due to the nature of change and the attendant uncertainty. Clashes between the accepted cultures (i.e. the values and norms) of each organisation are not uncommon and attempts to reach some sort of compromise can be difficult (Larsson and Finklestein, 1999).

Although mergers are something which happen primarily to people, the human aspect of the phenomenon has received relatively little attention. Key issues, such as the cultural compatibility of the combining organisations and the way in which the merger integration process is managed from a cultural point of view tend to be overlooked (Buono and Bowditch, 1989; Cartwright & Cooper, 1996; Huang and Kleiner, 2004; Krupar and Krupar, 1988; Mirvis & Marks, 1992b; Risberg, 1997; Seo and Hill, 2005) Failure to merge two

cultures can lead to debilitating conflict, a loss of talent, and an inability to reap the benefits of synergy (O'Reilly, 1989).

2.7.1 Merger Classifications

There are four general types of merger:

1. **Vertical:** combines two organisations from successive processes within the same industry;
2. **Horizontal:** combinations between organisations in the same industry;
3. **Conglomerate:** combinations of organisations in unrelated business areas, and
4. **Concentric:** combinations in an unfamiliar, but related field (Botha, 2001; Cartwright & Cooper, 1992; Cartwright & Cooper, 1994).

In terms of the tertiary education sector, a cross-sectoral merger between a college and a university would be classified as a vertical merger, while mergers within college or university sectors would be classified as horizontal merger. Cross sectoral mergers can cause specific problems due to differences in mission, roles, cultures and funding regimes (Harman & Harman, 2003). Horizontal mergers are more likely to benefit from economies of scale and will therefore embark on major change programmes much earlier in the post-merger period. Integrating two different organisations is therefore the main challenge in this type of combination (Cartwright & Cooper, 1995).

Within tertiary education, the following types of mergers or collaborations are usual:

1. **Pure Merger:** Here, institution A merges into institution B, with B serving as the exclusive legal successor. B will inherit the assets and liabilities of A unless provided otherwise by agreement. Generally, pure mergers are irrevocable, since A ceases to exist. Obstruction to pure merger can emanate from A's pride in itself as an educational institution. In the best case, B will attempt to divest itself of A's liabilities while taking ownership of all of A's assets;
2. **Consolidation:** Here, institutions A and B are collapsed into one new institution, usually with a different name, mission and scale of operation;
3. **Transfer of Assets:** Here, institution A will assign some or all of its assets to B. This may happen where B has a strong foothold in a particular curricular area and A can no longer deliver programmes in this area on a cost-effective basis;
4. **Consortia, Federations, and Associations:** These types of collaboration usually involve institutions A and B sharing/pooling of assets, e.g. library services, IT networks, administration services, etc. These types of arrangements may be arranged on a regional or country-wide basis to take advantage of economies of scale, and
5. **Joint Ventures and Educational Affiliations:** Joint ventures allow institutions A and B to retain their legal status and identity, but allow collaborations which may cut costs or promote growth, or both. Again,

these may focus on initiatives such as sharing library services, faculty exchange programmes, enhanced articulation, etc. These types of agreement have the least impact on participating institution and can lead to closer working relationships in the future (Samels, 1994).

2.7.2 Measures of Success in a Merger

Not all mergers are successful: estimates of merger failure, usually measured in terms of financial performance (Cartwright & Cooper, 1994), in the private sector range from 50-80% (Applebaum et al., 2000b; Blake & Mouton, 1984; Cartwright & Cooper, 1995; Giessner, Viki, Otten, Terry, & Taüber, 2006; Marks, 1988; Mirvis & Marks, 1992b). In the higher education sector, there are relatively few examples of merger failure (Harman & Harman, 2003). Education mergers may be deemed more successful for a number of reasons: academic staff tend to identify with their discipline rather than institution, therefore are happy to join a larger community of like-minded academics (Eastman & Lang, 2001) while most academic mergers tend to be reported through self-assessments and are therefore probably always going to be positively biased (Dalzell, 2000). It is also unusual for an educational institution to 'de-merge' as this would prove politically embarrassing to the institutions and/or regional/national governments involved.

The literature suggests a number of factors can help improve the possibility of a successful merger. A high degree of cultural fit between merging organisations and low degree of stress generated by the merger process

(Cartwright & Cooper, 1992; Cartwright and Cooper, 1993) are seen as beneficial factors, as can positive behaviours from the Principals of both institutions, thus engendering trust and respect between the organisations (Eastman & Lang, 2001). Skilled leaders committed to change, clarity of roles, shared decision making and adequate time (Dalzell, 2000) at all levels of the organisation, and including staff in the transition management process are also seen as positive aspects of a merger (Marks, 1988). The literature suggests that previous merger experience is not a particular benefit, probably because such experience is not likely to be comprehensive and in any case no two mergers are alike (Cartwright, 1990). The physical proximity of institutions can be regarded as advantageous, as can complementary, rather than competing, academic programmes. Mergers of institutions of unequal size (usually measured in numbers of students) are usually more successful: mergers of equally sized organisations can be more problematic as both parties jockey for dominance. The chances of a new organisation emerging are enhanced when the parties are of a similar size: if one partner is much smaller than the other, they will be subsumed by the larger unit (Eastman & Lang, 2001).

2.7.3 Merger Drivers

Factors in the private sector which drive mergers include increasing financial efficiency and effectiveness (Brouthers et al., 1998; Buono & Bowditch, 1989; Harman, 2002; Mok, 2005), growth, entry into new markets, reducing competition or increasing power, status and compensation for the managers

of the acquiring company (Bastien, 1987; Carline et al., 2009; Cartwright & Cooper, 1996; Donker and Zahir, 2007).

In education, drivers tend to be different: national governments tend to play a much larger part in driving mergers, which have been used to address institutional fragmentation, poor academic viability/quality, the creation of more comprehensive institutions, rationalisation of programmes, improving student access, addressing declining demographics, or exerting control on the direction of tertiary education (Eastman & Lang, 2001; Harman & Harman, 2003; Harman & Meek, 2002; Mok, 2005; Temple & Witchurch, 1994) in addition to the problems of correcting efficiency and effectiveness.

From an individual institution's internal perspective, they may consider merger as a means of improving their own performance by being able to enhance the quality of academic programmes and student support; increase enrolment and reduce unit costs; diversify academic provision and/or the composition of the student body, expand or secure financial resources or deal better with financial issues as a larger and more comprehensive institution. Larger organisations will also have the flexibility of resource to be more innovative and entrepreneurial (Aula & Tienari, 2011; Eastman & Lang, 2001; Fielden & Markham, 1997; Millett, 1976; Mok, 2005; Rowley, 1997; Skodvin, 1999). As described at the beginning of this chapter, tertiary organisations also have to address opportunities and threats posed by information and communications technology, globalisation and the increasing

importance of knowledge as a driver for growth (Gayle et al., 2003; Salmi, 2001).

2.7.4 Merger Failure

Mergers fail for a variety of reasons and in some cases can leave the merged organisation in such a poor state that it is open to acquisition (Cartwright, 1990). From a human resources standpoint, mergers are associated with lowered morale, job dissatisfaction, unproductive behaviour and increased labour turnover and absenteeism rates (Cartwright, 1990; Cartwright & Cooper, 1993; Cartwright & Cooper, 1995; Covin et al., 1996): they are associated with rationalisation, personnel changes, disrupted career prospects, alterations in working practices and culture and loss of identity/status, while the attendant lack of information and increased secrecy combine to create potentially destabilising and threatening events (Cartwright & Cooper, 1994). In the private sector, mergers have repeatedly had an unfavourable impact on profitability. Most mergers deliver, at best, mediocre performance. The most commonly stated causes are: poor terms of the deal which make the merger economics unachievable; poorly quantified synergies; lack of specific accountability for synergy realisation; under resourcing of the integration team, and lack of commitment or attention from senior management (Fubini et al., 2007; Schmidt, 2002). Managers expected to implement a merger are usually not appropriately equipped with communication and/or change management skills to manage the merger processes effectively. Normally confident executives can be filled with self-doubt and a bias for action can override careful planning and preparation and

the problem-solving and commitment building necessary to implement the merger. Managers and advisors will rush through a merger, keen to return to their day job or to move onto the next merger (Kavanagh & Ashkanasy, 2006; Mirvis and Marks, 1992a).

The literature suggests that most merger failures are a result of human factors and specifically difficulties in blending cultures and systems, which can cause a reduction in service quality, poor motivation, loss of key personnel, customers and focus on long-term objectives. Many employees experience a great sense of loss when strong attachments to co-workers, work routines and performance and career goals are broken (Bryson, 2003; Burke, 1988a; Carleton, 1997; Cartwright & Cooper, 1993; Cartwright & Cooper, 1995; Covin, Sighetler, Kolenko, & Tudor, 1996; Dackert et al., 2003; Huang & Kleiner, 2004; Schmidt, 2002; Schweiger and Weber, 1989). This can lead staff to underperform, become disruptive, or leave the organisation due to intolerable stress levels induced due to the uncertainty of the situation.

2.7.5 Due Diligence

Another important aspect of the merger process is due diligence, a series of exploratory activities used in evaluating a target company prior to finalisation of a merger. Due diligence traditionally focuses on financial, legal and regulatory issues. The due diligence team will be comprised of subject matter experts, usually drawn from the financial, legal, marketing and, on occasion,

Human Resources (HR) function (Cartwright, 1990; Clemente & Greenspan, 1998; Marks and Mirvis, 1992; Schmidt, 2002; Schweiger & Weber, 1989).

The due diligence process (although not infallible) is intended to uncover potential issues and can result in a merger being substantially altered, or called off altogether, depending on the output from the exercise (Giffin, 2002).

While some literature suggests that HR representatives on a due diligence team tend to be most interested in issues related to people management, organisational effectiveness and cultural capability and aim to understand the target's business well enough to identify and evaluate the key talent to be retained post-merger (Cartwright & Cooper, 1996; Clemente & Greenspan, 1998; Giffin, 2002; Rice, 2002), other research suggests that even when HR are involved, they tend to focus on short-term issues, such as employee terms and conditions and disregard longer term issues such as training, organisational design and recruitment and retention (Schmidt, 2002). Due diligence on the cultural aspects of the target appear to be largely ignored, in part because HR professionals lack the required assessment competencies (Carleton, 1997; Giffin, 2002). Organisational culture has been strongly linked with performance and is increasingly acknowledged as a potential source of merger problems and (ultimately) of merger failure. The effect of combining different cultural types is likely to have important consequences for organisational and human merger outcomes. Of all aspects of integration, effecting cultural unity is arguably the most difficult and time-consuming

activity facing the merged firm's management (Cartwright, 1990; Clemente & Greenspan, 1998; Galpin and Herndon, 2000).

2.7.6 Stress

Mergers are intrinsically stressful for everyone involved but will affect leaders, managers and staff differently: some may see a merger as an opportunity (Ivancevich et al., 1987; Sinetar, 1981), while others will react negatively to the stress of merger with switches in behaviour characterised by anxiety, disorientation and confusion (Bastien, 1987; Risberg, 1997). The literature acknowledges that the wellbeing of an individual is influenced not only by the level of stress experienced, but also how they cope with the stress (Edwards, 1988). Mergers are particularly stressful for managers because there is more work to do in a relatively short period of time: this tension and lack of focus on the 'day job' filters down the organisation (Mirvis & Marks, 1992b) although it can be argued that senior managers, who have more complete knowledge of a merger, will experience relatively less stress than those at lower levels (Cartwright & Cooper, 1994).

Organisations can take steps to prepare managers for change, sensitise them to human stress and develop sensible communications that let people know what to expect from a merger and what is expected of them.

Thereafter, care, counselling, direction and involvement are all essential (Mirvis & Marks, 1992a). However, senior management can be preoccupied with the legal and financial demands of the merger, and will be worried about

their own position. Managers may feel that 'no news is good news' and therefore communications can suffer as a result (Marks, 1988). This is referred to as 'Merger Syndrome' (Marks, 1988; Marks and Mirvis, 1997), characterised by increasing centralisation and decreased communication with employees by management at the exact point at which increasing communication would help in alleviating stress. Stress generated in a merger is usually caused by subjective perceptions, rather than objective reality, and will be fed by a lack of hard facts. Stress will also accumulate, with a number of small change events adding up to one large (stressful) change (Marks & Mirvis, 1997) and the lack of communication will add to the collection of stressors. Individuals may lose their jobs, and survivors will have to prove themselves all over again to their new masters: merger syndrome can apply to any kind of merger in any sector (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b; Marks, 1988). Employees (particularly managers) must be educated in the effects of the merger syndrome and how these can be minimised (Marks, 1988).

2.7.7 Communication

The literature suggests that communication is the main vehicle through which stress within a merger can be alleviated, if not completely eliminated, and a comprehensive communications programme is considered crucial for merger success. Effective and informative communication which seeks to resolve as much uncertainty as possible can lessen employee stress by allowing people to make sense of the uncertainty and estimate how the situation will affect them, serves to reduce the importance of rumour and gossip and plays a

central role in engendering trust in the organisations involved (Tierney, 2006). An effective communications programme enhances management reputation by creating a climate of openness and transparency and demonstrates that management have a plan and are able to share it (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b; Applebaum, Lefrancois, Tonna, & Shapiro, 2007a; Aula & Tienari, 2011; Buono & Bowditch, 1989; Burke, 1988a; Huang & Kleiner, 2004; Kavanagh & Ashkanasy, 2006; Marks, 1988; Mirvis & Marks, 1992b; Schmidt, 2002; Schweiger and DeNisi, 1991).

2.7.8 Scottish Tertiary Education Mergers: Guidance

The primary guidance available to Scottish TEIs comprises two publications: an SFC circular from 2008 entitled "Guidance to Institutions Considering Merger" (Scottish Funding Council, 2008) and the publication/website "Full Guidance on Mergers and Federations" (Scottish Funding Council, 2013). Both publications stress the importance of communication and consultation, the necessary elements of merger preparation and the importance of conducting a due diligence exercise prior to merger. The 2008 publication states only that the exercise should address *"significant financial and non-financial aspects of the prospective merger..."* (Scottish Funding Council, 2008: 5), whereas the latter document is more prescriptive, suggesting that due diligence should include specific legal and financial aspects and for the first time states that *"...consideration should also be given to undertaking a cultural review at an early stage"* (Scottish Funding Council, 2013: 15). Whilst highlighting the importance of 'cultural review' the guidance is silent on the specific areas which should be included, or how such a review should be

conducted. This 'guidance gap' suggested further consideration of organisational culture in general, and cultural due diligence in a merger situation in particular, as an appropriate focus for this study and, in light of the focus on 'cultural review' stated above, to suggest ways in which this guidance could be improved to assist those institutions considering merger to improve the outcome of the merger by giving due consideration to the identification of the merging parties' cultures, the desired culture for the merged entity and the intervening journey.

The review of the literature to this point therefore suggests the possibility that organisational culture, and cultural due diligence in particular, may be an important focus which is missing from many mergers. It is postulated that only by understanding the cultures of merging organisations can managers hope to design a culture for the new institution. Having considered the above, the following research question was developed:

“Do Tertiary Education Institutions (TEIs) in Scotland engage with cultural due diligence during merger?”

The next section of this chapter will consider organisational culture in greater depth and will use this to develop the aims and objectives for the study.

Finally, the key players in Scottish TEIs will be considered which will inform those groups to be interviewed as part of the study and the questions to be asked as part of the interview process.

2.8 Organisational Culture

Having ascertained that cultural due diligence is an issue worthy of further investigation, it was felt useful to gain a more detailed appreciation of the genesis of organisational culture, its attributes, the types of culture which can exist (particularly in an educational setting) and the manner in which these cultures can be identified.

The general consensus of the literature is that the culture of an organisation is a set of characteristics (normally held to be a complex set of assumptions, beliefs and values held largely unconsciously by individuals within the organisation) which describe that organisation and which distinguishes it from other organisations. Culture is relatively enduring, influences behaviour and gives meaning to individuals within the organisation (Barney, 1986; Bligh, 2006; Burke, 1988a; Cartwright & Cooper, 1992; Gayle, Tewarie, & White, 2003; Hofstede, 1993; Knight and Saunders, 1999; Smircich, 1985; Tierney, 2006; Walter, 1985; Woodman and King, 1978).

Schein (2010), one of the foremost writers on organisational culture, suggested that culture assists organisations in dealing with two key problems: providing a supportive internal environment that permits the organisation to function, adapt and learn and, in doing so, assists the organisation to survive and grow in their external environment. Schein's

central contention was that organisations were social inventions, reproduced through the actions of their members and thus reflecting the unique experiences of their members. They are created because one or more individuals perceive that the coordinated and concentrated action of a number of people can accomplish something that individual action cannot. A culture will form initially in a small group which will demonstrate a belief in the founder's vision and will attempt to fulfil this vision. The founder's assumptions, which will have been learned over their lifetime (Schein, 1995), will be used initially to attempt to solve problems. Assumptions that solve problems repeatedly and reduce anxiety will be adopted by the group and will survive until they either stop working or the group disintegrates. A bank of assumptions will therefore be created as the group learns to conduct certain tasks effectively and, over time, these 'learning outcomes' will become subconscious and will be passed on to new members who join the organisation as part of the socialisation process (Gagliardi, 1986; Hatch, 1993; Schein, 1991b). Organisations and their cultures will therefore reflect their history, particularly the unique personality, values and beliefs of their founder(s) and the circumstances of their growth (Barney, 1986; Cartwright & Cooper, 1996; Deal and Kennedy, 1988; Kavanagh & Ashkanasy, 2006; Schraeder and Self, 2003; Smircich, 1985). Employees will see their purpose within the organisation through these beliefs and values and will be disposed to protect them (Stanwick, 2000).

A new recruit to an organisation will adopt the organisational culture in three stages: compliance, identification and internalisation. In the early stages, an

employee will be compliant in order to receive something in return (usually a salary); in the identification stage, the individual accepts influence (and socialisation into the culture) in order to maintain a satisfying relationship and, finally, internalisation will be reached when the individual finds that the organisation's values are congruent with their own personal values (O'Reilly, 1989). This commitment will also be built in to managers who are recruited to represent or take over from the founders of the organisation: assumptions may be challenged or changed by these managers, but resistance to change by the organisation's members will mean the culture will change incrementally via evolution rather than revolution (Schein, 1995). The ultimate organisational culture will therefore always reflect the complex interaction between the assumptions and theories that the founder(s) brought to the group initially, and what the group subsequently learns from its own experiences (Schein, 1995).

The culture of an organisation is largely represented by artefacts within the organisation, i.e. physical manifestations such as office layout, dress code; public documents such as policies and rites and rituals associated with the organisation (Deal & Kennedy, 1988). These artefacts will be readily apparent within the organisational setting. The culture will also be represented by values, which will only become apparent by interviewing organisational members or becoming a member of that organisation. These artefacts and values will be based on the basic assumptions of the culture and are therefore a route to understanding the culture of an organisation. Changing an underlying organisational assumption will be very difficult to the

point that groups and individuals will distort or deny what is going on around them in order that the assumption still fits (Archer, 1998a; Gagliardi, 1986; Harris, 1994; Lundberg, 1985; Schein, 1984; Schein, 2010; Vaara, 2000).

A number of researchers have pointed to organisational culture being other than a monolithic entity (Barney, 1986; Carleton, 1997; Deal & Kennedy, 1988; Hatch, 1993; Jermier, 1991; Knight & Saunders, 1999; Martin and Siehl, 1983; Nahavandi and Malekzadeh, 1988; Riad, 2005) and an overall 'organisational' culture may only exist in a core set of assumptions, beliefs and practices which integrate these sub-parts into the whole (Denison and Mishra, 1995). As Cr mer (1993) suggests, organisations will not normally have a homogenous culture unless they are very small; they will most likely have an "integrated" culture, where varying sub-cultures, based on occupational, functional or geographic lines (or indeed a mix of these) fit together. Sub-cultures can either be enhancing, in which case they embraces and supports the values of the core culture; orthogonal, where members accept the core values but in addition hold certain other values which do not conflict with the core values, or can be a counter culture, where the values of the subculture present a direct challenge to the core values of the dominant culture but may in doing so be creative or innovative and therefore valuable to the organisation (Martin & Siehl, 1983; Schein, 1984).

The strength of an organisational culture will depend on the extent to which values and beliefs from the core culture have spread in an organisation: also,

cultures where values and beliefs are widely shared will be stronger than those where they are not. Cultures where values and beliefs are clearly ordered will be stronger since organisational members will know what values and behaviours have eminence. Buono & Bowditch (1989) suggests that in 'thick culture' organisations, culture plays a major role in how employees behave and acts as an informal control system. In 'thin culture' organisations, bureaucratic rules and norms are used to control employees.

As stated earlier in the chapter, tertiary education culture has been remarkably resilient to the many social realities that continue to press for change (Kashner, 1990), although at an individual organisational level, it can be argued that academic institutions have competing cultures, due in part to the division between academic and support staff, but also because of the large number of customers, including students, employers and funders and their competing demands on different parts of the organisation. This causes sub-units to work differently to each other, with academics showing more allegiance to their profession than to the institution. Boundaries between administrators, academic staff, students, governors, etc. can create significant obstacles to effective governance and can hinder the agreement and adoption of a single set of values (Gayle, Tewarie, & White, 2003; Meek, 1988; Melewar & Akel, 2005; Newby, 1999). It is therefore important for senior executives in a TEI to be seen to walk the talk, embracing values and behaviours. Merger is an occasion for leaders to demonstrate cultural traits that really matter (Fubini, Price, & Zollo, 2007).

With specific regard to merger, culture and cultural differences in organisations are frequently cited as reasons for merger failure, with cultural fit being considered as important as strategic fit between the organisations (Allaire and Firsirotu, 1985; Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b; Cartwright & Cooper, 1995; Harman & Harman, 2003; Mirvis & Marks, 1992b; Waldman and Javidan, 2009). Employees must see the benefits of the merger otherwise they will resist the new culture (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b). Successful integration is essential to realise the potential of a merger: left to their own devices, areas with similar sub-cultures may come together relatively smoothly while others may struggle because their cultures are divergent (Risberg, 1997). Cultural adaptation usually lags behind structural change, therefore structural change in a merger will bring about temporary frictions in the restructured organisation that will foster unproductive behaviour (Bijlsma-Frankema, 2001).

In a merger, the cultures of the merging organisations are almost bound to differ, which may lead to alienation and low levels of trust and co-operation between groups of employees (Bijlsma-Frankema, 2001; Brannen and Peterson, 2009). In a takeover, successful integrators normally insist on imposing their culture on the target, particularly where the target is much smaller than the acquirer. In mergers of equals, the situation is much more complex, and there is no easy way to tell if the emerging culture will favour

the acquirer, the target, or will be based on the best (or worst!) of both cultures, or will be something entirely different (Fubini, Price, & Zollo, 2007). It is therefore important that, during the pre-merger phase, a decision is taken on the desired culture of the future organisation. This can be one or other of the current cultures, a hybrid of the best elements of either culture, or an entirely new culture (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b). In addition, some space should be allowed post-merger to allow employees the chance to interface and to self-organise. This may allow both cultures to co-mingle and for a new culture to emerge from this process naturally (Mitleton-Kelly, 2006).

In the literature, there are detractors from the idea that culture can be managed in an organisational setting, ranging from those who simply state that it is impossible (Barney, 1986; Bligh, 2006; Lundberg, 1985; Martin & Siehl, 1983; Meek, 1988; Morgeson and Hofmann, 1999) to those who suggest that culture is such a difficult (and costly) subject to investigate and manage that effort is best focussed elsewhere, or to concentrate on a few key 'cultural gaps' (Crémer, 1993; Fubini, Price, & Zollo, 2007; Galpin & Herndon, 2000; Stahl, 2004). However, the majority of the available literature would suggest that cultural management and transition is possible with good leadership, a clear strategy and inclusive change management processes, including open and varied communications vehicles (Bijlsma-Frankema, 2001; Covin, Kolenko, Sightler, & Tudor, 1997).

Cartwright & Cooper (1996) suggest creating a brand-new culture from scratch is easier than changing or integrating two established cultures. Employees who self-select to be part of the new organisation more readily accepted the new culture as they are already committed to change. However, introducing such a change from the top should be avoided as change will happen slowly. It also means the organisation is operating with at least two cultures (the old and the new), creating more opportunities for collisions of culture. A cultural change is best therefore introduced (using joint working groups) at all levels simultaneously. Prior to doing so, it is important that the cultures of each of the merging partners can be identified. This thesis argues that a formal due diligence process would be the best way to identify these cultures and to suggest how these cultures could be amended to create a single new organisational culture.

Charles Handy (1993) defined a number of organisational cultures:

Power Culture: depends on a central power source, usually the organisation's leader. Decisions are usually made to satisfy the central power source, who will usually be instrumental in controlling the organisation's resources (these types of organisation tend to be small). Individuals tend to be judged on their results, rather than the manner in which they are achieved. These types of organisation are relatively fast moving and flexible. Their disadvantage is that growth is difficult if the power figure wishes to control everything;

Role Culture: depends on traditional bureaucracy to function via a committee system. The work in the organisation is controlled by procedures and processes and workers are coordinated by a small team of senior managers. 'Position Power' is the main source of power, and personal power is frowned upon. The strength of this culture is in achieving economies of scale rather than flexibility. This type of culture is, however, slow to change once the need has been identified. Management ingenuity is expended on the design of systems, rather than the development of people;

Task Culture: here, the organisational mission statement has prominence and all actions are focused on meeting this mission. The culture is very team-based and power structures are distributed throughout the organisation. A sense of passion and commitment is usually engendered in the organisation's members. The major drawback with this type of culture is that it can be 'under-organised' if employee motivation levels are not quite high enough. There may also be mission drift as there is little control over what teams and individuals are engaged upon, and

People Culture: this culture focuses on the individuals within the organisation. Control mechanisms are impossible in these structures, except by mutual consent. The ability to control one's own work is a major source of motivation. Employees tend to be highly committed and supportive. However, its strength is also its weakness; everyone is so busy promoting

harmony that conflict is suppressed and decisions may be taken covertly (Dopson and McNay, 1996).

Handy suggests that organisations' cultures will contain elements of these four models, but one will usually dominate (Dopson & McNay, 1996).

Cartwright and Cooper (1992) took Handy's cultural definitions and developed a 'cultural continuum' model shown in figure 1 below:



Figure 1: The Cultural Continuum

Cooper and Cartwright suggested that, in a merger situation, the closer the two organisations' cultures were to each other on this continuum, the more readily a new culture could be formed in the post-merger organisation. They also suggested that the direction in which the respective cultures were developing was important: hence the situation shown in figure 2 below, where cultures C1 and C2 are both developing towards a Task culture would be more advantageous than that demonstrated in figure 3, where C1 is developing towards a Task culture but C2 is developing towards a Person culture and may be developing in that direction at a faster rate than C1

towards a Task culture, meaning that convergence of the cultures is highly unlikely.

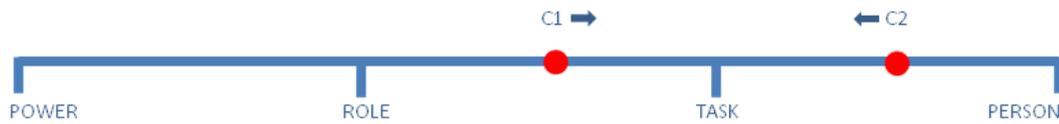


Figure 2: Converging Cultures

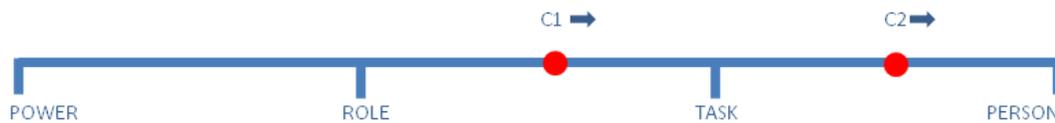


Figure 3: Non-Converging Cultures

2.9 The Research Question, Aims and Objectives

The literature review highlighted that, although few mergers in higher education were a failure, a good 'cultural fit' between the merging entities, and a low degree of stress could be positive factors in a merger, while high levels of trust, good leadership and an inclusive approach, supported by excellent communications, could all contribute to smoothing the progress of such an undertaking. Of all these factors, it was the cultural aspects of a merger which intrigued this researcher and it became apparent during the literature review phase that a deep understanding of the core assumptions,

values and behaviours of each of the merging organisations would have to be gained by competent and informed leaders before other aspects, such as maintaining a low stress profile and increasing trust could be addressed. Those same leaders would also be responsible for developing the core assumptions, values and behaviours for the new merged entity and would have to be equipped to manage these phases such that a stable, effective and content institution emerged to face its new challenges.

The literature review therefore, guided by the working proposition defined at the start of chapter 2, highlighted a number of topics which would drive the data collection phase of the study, i.e. determination of whether a pre-merger cultural due diligence exercise had been initiated to identify the values and behaviours of each college in order to develop a beneficial culture in the merged college, together with the perceived relationship between the merging entities, and the outcome(s) of the merger process. In order to assist in developing the aims and objectives of the study, and to assist in crystallising the data collection process, a number of themes were developed, which can be seen at APPENDIX 2. These themes assisted the researcher in considering refining the research question and the aims and objectives of the study from the working proposition:

Research Question:

"Do tertiary education institutions in Scotland engage with cultural due diligence during merger?"

Following on from the research question, the **Aim** of the research was developed:

"to evaluate the importance of cultural due diligence (CDD) in a merger and to identify whether CDD is a recognised process/activity in the context of the merger of Scottish TEIs".

The **Objectives** of the study were then defined as follows:

- *Define and explain the meaning of CDD in the context of TEI mergers;*
- *Evaluate the significance of CDD in the TEI merger process;*
- *Ascertain whether cultural merging activity is planned prior to a TEI merger;*
- *Identify whether CDD is explicitly/implicitly or formally/informally conducted in TEI mergers;*
- *Review and suggest amendments to currently available guidance on preparations for merger in the Scottish tertiary education sector which raise awareness of the importance and value of CDD, and*
- *Construct a set of CDD principles to improve future merger processes.*

3 METHODOLOGY

3.1 Introduction

Having developed the research question, aims and objectives from the literature review, this chapter will discuss the manner in which the research approach and methods were selected in order to investigate the research question. It will briefly consider the differences between natural and social science and the place of the researcher within them. The suitability of both interpretivist and positivist approaches are then discussed, followed by the role of critical realism together with the two key components of Critical Realist analysis; mechanisms and emergence. The chapter will conclude with a discussion of data collection methods including the ethical considerations of conducting the research.

3.2 Research Design and Implementation

3.2.1 Natural and Social Science: Not the Same?

Prior to selecting a research approach, it was deemed important to consider the differences between conducting a social science investigation as distinct from a natural science investigation. Since the researcher is an engineer by profession, the majority of previous experience was with natural science and therefore an understanding of these differences was considered helpful.

It was noted that the main difference between natural and social scientific investigation was that the objects of natural science are largely value neutral:

in the social world, the nature of the object (e.g. an individual and their values) will change over time and the individual has the capability to influence the social world in which it resides (Danermark, Ekström, Jakobsen, & Karlsson, 2002; Manicas, 2006; Philip, 1995). For example, the fact that an individual knows they are being observed will very likely change their behaviour (Benton and Craib, 2001; Philip, 1995).

In a social science setting, the researcher's role is not passive; they are as much a causal agent as the object. The object can be changed by the researcher and vice versa; in natural science, objects learn nothing from being manipulated (Sayer, 1992). Furthermore, the contribution made by social science is not validated knowledge; it is in understanding the relationships and connections between individuals which change actions and perspectives in the social world (Weick, 1989). The social researcher is always one step behind the evolving and energetic nature of the social world: in the time it takes the researcher to complete their study, the social world has changed (Scott, 2005; Scott, 2010).

Possibly the main difference between natural and social scientific investigation is that investigations in the natural sciences tend to be conducted by experiment in (largely artificial) closed systems. Experiments are used to model the natural world in the hope that a regular sequence of events can be observed and the mechanism(s) behind the phenomenon can be discovered (Sayer, 1992). Attempting to conduct experiments in the social

world would probably change the objects under study to the point that the phenomenon itself would change, rendering the experiment invalid (Danermark, Ekström, Jakobsen, & Karlsson, 2002).

Since the objects of the research are individuals in a TEI, where it would be difficult to create a 'closed world' experiment, it was decided that a social scientific research approach would be appropriate which would focus on the knowledge and understanding of the organisational members of the TEI.

3.2.2 Interpretivism and Positivism: Polar Opposites

The next stage in the process was to determine how to approach the research site(s) such that meaningful data was obtained. Investigation of the relevant literature suggested a number of approaches situated between the two extremities of positivism and interpretivism.

Both positivism and interpretivism share the pursuit of 'truth', a belief in human progress and a faith in clarifying society by the exercise of critical intelligence. Positivism adopts a formal method of study on an 'impersonal universe', whereas interpretivism stresses a dialectical approach where the human being is both agent and subject (Wax, 1997). Interpretivism claims that, since researcher and object both have the same capacity for coherent thought, and people usually act in a way which makes sense, the researcher has the capacity to understand the object's actions. In order to do so, the

researcher must recognise the object's context, their motivations and assignment of meaning to the world around them and the researcher assumes that the object is acting in a coherent and intelligible manner. The researcher has to immerse themselves in the objects' world in order to interpret and explain it (Reed, 2008).

Interpretivism makes a distinction between the descriptions of the reason for action as being logically independent of the description of the action. The re-description of one in terms of the other is the explanation which refers to the causes (mental events), which are different to the causes and explanations in natural science. Because mental events cannot be observed, these causal explanations cannot be assimilated into naturalistic (positivist) scientific laws. Given that the subjects of this study are individuals and the aim is to understand their attitudes towards, and knowledge of, cultural due diligence, interpretivism would appear to be a suitable approach to adopt. The targets of this research are organisations comprised of individuals and, while a positivist study could collect attitudes towards merger via a survey or other suitable instrument, it is considered that studying the deeper relationship between individuals and their social structures would provide a more satisfactory explanation of the preparations considered for merger.

Positivism fails to appeal here due to its insistence that the research object (the individual and their personal universe) can be treated impersonally: it fails to take account of the uniqueness of each individual and their view of the phenomenon under investigation, which will provide a rich source of data which will allow the phenomenon to be studied in depth.

Here, the 'mental events' described above are of interest; some way of working back from the objects' utterances and recollections to the underlying events therefore had to be found in order to allow the researcher to interpret what was happening. The researcher selected critical realism, with its focus on stratified ontology, mechanisms, emergence and retrodution as a method of linking the gathered data with those mental events, thereby allowing some understanding of the phenomenon under study.

3.2.3 Critical Realism, Mechanisms and Emergence

As stated above, the research objects can be classified as the individuals who experienced preparations for merger, therefore the social interactions between these individuals, as stratified within a Scottish TEI, are a natural source of data. It was clear that a systematic approach to the analysis of these interactions would be required to demonstrate consistency within the research and methods of data collection and analysis would have to be selected appropriately.

Interpretivists suggest that there is no such thing as a closed system in society (Archer, 1998b), so an approach was sought which would allow investigation in open, dynamic organisations which would support the aim of uncovering the structure and mechanisms underlying the social interaction in the organisation in order to answer the research question. Critical realism

was selected as a suitable approach, based on its key claims regarding the world:

- i. The social world is systematically open;
- ii. There are significant differences between the transitive world of 'knowing' and the intransitive world of 'being', and
- iii. Researchers and observers need to grasp the ontological depth of reality (Scott, 2010).

Critical realism is founded on the proposition that social reality consists of structures which occupy an independent existence from the way in which they were created and interpreted by social actors (Reed, 2001). Therefore, in this case, a TEI is considered to be an organisational entity independent of the individuals who may inhabit and modify it from time to time. Critical Realists also acknowledge that the results of their research will always be flawed or incomplete and will be replaced at some later stage by an alternative which is not as flawed or incomplete in the same way (Scott, 2010). Any attempts at describing and explaining the world are therefore bound to be fallible. The researcher will be striving to improve the knowledge of the phenomenon, while accepting that their produced knowledge will be fallible and will be subject to revision at some later time.

Critical realists argue the world is characterised by emergence, where the conjunction of two or more features give rise to new phenomena that have properties which are irreducible to those of the constituents, e.g. water is

composed of hydrogen and oxygen but has properties quite different from these two gases (Sayer, 2000). Allied to the concept of emergence is the concept of the mechanism. Mechanisms are central to social science, as they are sought to explain how a phenomenon comes about or how significant processes work (Machamer et al., 2000). As Archer (1998b) suggested, critical realism substitutes the empiricist quest for observable events and constant conjunctions with non-observable mechanisms, whose power may lie unexercised (or exercised but unrealised) due to the variety of intervening contingencies in the complex, open social world that cannot be subject to laboratory closure. Most mechanisms in the natural and social worlds are not mechanical; philosophers of biological and social sciences retain the belief that systems are not consciously designed, but developed through some sort of emergent, undirected process. Elster (1998) suggested that mechanisms are frequently occurring and easily recognisable causal patterns that are triggered under generally unknown conditions or with indeterminate consequences that allow explanation but not prediction. Some mechanisms will generate structural change, while others will generate actoral change, such as a change in beliefs, cognition or actions (Boudon, 1998; Manicas, 2006).

Critical Realists contend that social structures created, maintained and changed by agents are real, if not directly observable. They contain powers and mechanisms which operate independently of the intentions of the actors' actions. In order to explain a phenomenon, it is necessary to build a model of the mechanism under study using both the knowledge available at that time

and by collecting further data in the field, to describe a mechanism which, if it were to exist, might account for the phenomenon (Roberts, 1999).

Understanding a mechanism allows it to be compared with other discovered mechanisms which may further elaborate exactly how the mechanism functions. There can be whole families of social mechanisms which can apply to similar social phenomena, just as there are phenomena which are similar but are a product of wholly different mechanisms, reflecting the point made earlier regarding the difficulty in using mechanisms as predictive tools (Schelling, 1998). A complex system will have many mechanisms underlying its different behaviours. The choice of decomposition of a structure into its parts depends upon the capacity to explain the behaviour of those parts. Sooner or later the decomposition of a structure into parts must come to an end; this will be at the level of fundamental laws; the brute facts of reality (Glennan, 2002). At this point, it is not possible to point to "deeper" mechanisms (Glennan, 1996).

Having discussed the potential use of mechanisms and emergence, some method was required which would allow mechanisms to be identified from the objects' recollections. Underlying structures, objects, mechanisms and emergent properties produce empirical events and regularities at surface level which can be sensed (Crawford and Wright, 2011): however, the underlying structures and mechanisms are not directly accessible to sense experience (Roberts, 1999) and therefore have to be theoretically constructed and modelled by working backwards through a process termed retrodution. In terms of discovering mechanisms, retrodution is the

foundation of the critical realist research strategy. Critical realism retroduces underlying structures and mechanisms from the observation of surface events and regularities, i.e. the objects' recollections (Contu and Willmott, 2005; McEvoy & Richards, 2006). The objective is to describe, rather than predict or deconstruct, social behaviour (Hesketh and Fleetwood, 2006; Reed, 2005). Retroduction seeks to describe a phenomenon by describing a structure or condition that is, at least in part, responsible for the given phenomena. Thus, the scientific endeavour will never come to an end: description of phenomena at one level suggests a deeper level which itself becomes a new phenomenon to be explained. Equally, uncovering a deeper level may force re-evaluation of original phenomena (Patomäki and Wight, 2000; Steele, 2005). While retroduction seeks to isolate the causal properties of an object from its contingent surroundings, it is not possible to exhaustively describe all of the possible determinations of the causal power (Mingers, 2000; Roberts, 1999). Reed (2008) suggested that retroduction was supposed to compensate for the lack of experimentation in social science and could be thought of in some ways as 'thought experiments'.

Roberts (1999) suggested that, once a phenomenon is detected, identification and explanation of the mechanisms responsible for its existence is the next step required to enable the phenomena to be explained. Information is collected about the mechanism which, if it was to exist, would account for the phenomenon. Due to the dynamic nature of society and the possibility that the interaction of two objects may not necessarily produce the same output, critical realists hold that theories based on the information

collected are provisional and are always open to revision and reformulation (Lawson, 1999; Reed, 2005).

In this case, the researcher will be seeking to identify features, or themes, which could sensibly be described as being responsible for the existence, or lack of existence, of cultural due diligence in a premerger situation and will then use the identified themes to attempt to uncover those mechanisms which might be responsible for the emergence of those themes. In terms of being able to identify the mechanisms and emergent powers responsible for the uncovered themes, the researcher will rely on the Critical Realist theory of a stratified ontology, composed of domains of real objects and mechanisms, actual events and empirical experiences. Bhaskar, who is credited with developing the concept of critical realism, stated that reality is both intransitive (i.e. unchanging) and stratified. The stratification of reality occurs between structures and mechanisms, the events they generate and the subset of events that are actually experienced. These are known as the real, actual and empirical domains. The three domains of reality can further be defined as follows:

REAL: the real domain is what exists, either natural or social, regardless of whether we have an adequate understanding of its nature; structures, mechanisms, powers and tendencies, which may or may not be observable, and which may or may not generate phenomena. In short, the real domain is everything. Objects in the real, intransitive realm will have certain structures

of causal powers. In the transitive realm, researchers attempt to understand the structures and powers of these objects. The real domain is particularly relevant in critical realism, as it is here that generative mechanisms are situated. These may not be tangible or visible, but when activated, events and tendencies emerge, and it is this surface phenomenon that researchers usually seek to understand and explain (Crawford & Wright, 2011). The domain of real objects and mechanisms is largely independent of human existence and thus displays an element of stability. Some of these mechanisms will be human constructions but will be characterised by a longevity and durability that reduces their susceptibility to manipulation.

ACTUAL: The actual domain is those aspects of reality which occur, but which may not be necessarily experienced, i.e. what happens if and when powers are activated. Here, the actual domain represents the 'lived world' of the researcher and objects, including those themes, mechanisms and emergent powers which may exist but which may not be revealed to either party. Humans are able to experience actual events generated by the causal powers embedded in mechanisms. Mechanisms can never be directly observed (Hedström and Swedberg, 1998) and, to further complicate matters, their effects are contingent. A mechanism may exist without being triggered and, even when triggered, current conditions will dictate whether it will operate and what its effects will be. There may be instances where one mechanism is triggered but its effects are cancelled by another mechanism. The mechanisms which are the most significant for the object under study can therefore only be decided from case to case. This is further complicated

in the social sciences by social mechanisms being less stable than natural mechanisms (Danermark, Ekström, Jakobsen, & Karlsson, 2002).

EMPIRICAL: the empirical domain is defined as the domain of experience; the part of the real and actual domains which can be experienced either directly or indirectly by social actors and which is brought into scientific knowledge. Critical realists allow a "causal criterion", where the existence of unobservable entities can be made by reference to observable effects which can only be explained as the product of such entities. In this project, the empirical domain is key; the researcher will focus on collecting the lived experiences of the research objects related to the phenomenon via their recollections and an attempt will be made to understand themes and mechanisms which might be identified by their observable causal effects. In the domain of empirical experiences, only the tendencies of the occurrence of these events can be observed (Modell, 2009).

Bhaskar was keen to note that these domains are ontologically distinct and are unsynchronised or out of phase with one another, e.g. leaves are not 'in phase' with gravity as they are subject to other tendencies, e.g. thermals, aerodynamics, etc. (Fairclough, 2005; Lawson, 1994; McEvoy & Richards, 2006; Reed, 2008; Sayer, 2000). As stated earlier, it is possible that some events may go unnoticed or may be cancelled out by the activation of other mechanisms. It is hoped that by focusing on a number of individuals

associated with the phenomenon, these emergent events will be identified even where they do not emerge in all cases.

In conducting this study, it will be important to consider the interaction between the organisation (the TEI) and the individuals within this structure. Critical realism lends itself to the study of organisations and management because organisations are structures reproduced by the participants that are entities with emergent properties that arise from their ontological structure (Elder-Vass, 2008), but have properties which binds the participants to them (Reed, 2005). Critical Realists posit both human beings and social structure as the two prime objects of knowledge for social science, and argue that humans cause structure to be modified and vice versa: the agency/structure relationship (Contu & Willmott, 2005; Hesketh & Fleetwood, 2006). Structure provides the agent with certain powers and liabilities to act and are created, reproduced or transformed through agency (Aastrup and Halldórsson, 2008). Critical realism aids understanding by bestowing causal power on agents (individuals) which are exercised through practical interaction and relationships in the social environment (Crawford & Wright, 2011) and provides an account of structure that recognises its relation with individual agency without reducing it entirely to agency (Elder-Vass, 2008). Critical realism therefore obliges the researcher to immerse themselves in the organisation they are studying in order to understand the context in which agency and structure exist and in which objects' statements are made, and to take these statements and seek to discover the generative mechanisms that may have produced the outcomes experienced by the objects (Aastrup

& Halldórsson, 2008). The research tools to be used in the study must therefore afford the researcher some level of immersion in the organisation(s) under study.

The next step was to select the tools which would assist in discovering the data that would then be analysed using the Critical Realist retroductive approach. Critical realists can use quantitative and qualitative methods: qualitative methods are useful because of their open-ended nature, which can allow themes to emerge during research, while quantitative methods are used to develop "reliable" descriptions and "accurate" comparisons (McEvoy & Richards, 2006). Given the interpretivist nature of this investigation, it was considered that qualitative methods would uncover the most relevant data relating to the phenomenon, i.e. the themes, mechanisms and emergent powers associated with the phenomenon of whether TEIs engaged with cultural due diligence in a merger situation. Given the desire to explore the target organisation(s) in some depth, a case study approach utilising semi-structured interviews, was deemed appropriate.

Dobson (2001) suggested that the requirement for explanation in a case study suggests an underlying truth (which can be described) that fits with the realist stance of the researcher in the study. The ability of the case study method to produce context-dependant knowledge (Aastrup & Halldórsson, 2008) was also attractive here: the case, by definition, was unique and would be heavily influenced by internal and external contextual factors which would

have to be untangled to reveal the mechanisms at work. Easton (2010) suggested that critical realism is suited to case studies, providing the following are part of the research design:

1. The boundaries of the phenomena under investigation are set;
2. The research question is set at the beginning of the study;
3. The entities/objects that characterise the phenomena being studied are identified;
4. Relevant data is identified, collected and analysed. Methods should be chosen which will establish a plausible causal mechanism, and
5. The outcome should never be considered 'good': Critical Realists tend to think of 'acceptable' rather than 'good'.

In this case, the boundaries to the study would be the natural boundaries of a Scottish TEI's organisation, i.e. its employees, its hierarchical structure and its physical locations (and those of the pre-merger organisations). The research question is clearly set out in section 2.9 and seeks to identify if cultural due diligence is conducted in Scottish TEI mergers. The data will be the recollections of the individuals related to the merger under study, the interpretation of which is the focus of this thesis.

3.2.4 Applying the Case Study Approach to Gathering Data

The approach taken here was to use the case study method as a means of providing a description of the case, rather than generating new (or testing existing) theory, although it was acknowledged that part of the reporting process would be to identify literature which discussed similar (or conflicting) findings in order to strengthen confidence in the findings (Eisenhardt, 1989). The researcher also considered the key weaknesses of the case study approach, as defined by Yin (2009), i.e. the possible lack of rigour; inability to generalise from the findings; the length of time which case studies can take, and the fact that case studies are not experiments. In relation to the first identified weakness, the researcher undertook to be as systematic as possible with the data collection and analyses methods (Rowley, 2002), as described in chapter 4. The researcher acknowledged that generalisability of the findings was not possible, but expected that the output of the research could be used to inform further research. The researcher also acknowledged that, although the realist approach taken would attempt to identify the mechanisms at work, it would be impossible to identify causal relationships to the same extent that was possible in tightly-controlled positivist experiments, but as stated above would provide output that would contribute to the future study of the phenomenon. In terms of the time expended, the researcher considered that the time taken to conduct the case study would be acceptable: the deadline for conclusion of this thesis was generous and provided time for the data collection and analyses phases to be conducted at a pace which allowed the researcher ample opportunity for reflection.

In choosing a general approach to the study, the researcher considered the advantages and disadvantages of adopting a single case study against a multiple case study. The multiple case study would have the benefit of allowing surface events to be collected from a number of sites, providing data which could be compared in general terms to ascertain whether similar mechanisms were operating across the cases. However, given the discussion above regarding the unstable nature of mechanisms, their actuation and possible mutual cancellation, it was decided that a single case study would be preferable: including more case studies would potentially expose the researcher to a higher volume of instability related to the number of cases, further complicating the analysis. As suggested by Jankowicz (2000) and Yin (1981), the case study method is best suited to focusing on a set of issues in a single organisation and allows the full richness and variety of events relating to the phenomena to be described. Cunningham (1997) also suggests that an intensive case study can be used to develop a deep understanding of events or practices, while acknowledging that the researcher must interpret what is going on in order to arrive at that understanding.

It was decided that an in-depth investigation of a single merger (albeit comprising two organisations), its agents, structures, events and mechanisms would be preferable and would allow more efficient use of the available time for data collection and analysis. The study therefore focused

on one Scottish TEI which was the result of merger in 2005. It was decided that, in order to get as full a picture of the TEI and its preparations for merger as possible, the research would focus on four broad groups within the organisation: governors; senior executives; managers and supervisory-level staff (hereafter referred to as 'supervisors').

The research was conducted by elite interview with individuals drawn from these groups (the respondents) as they were involved in the preparation stages of the merger and had access to knowledge and information regarding the institutions' cultural due diligence arrangements. Selection of respondents was by purposive sampling (Saunders et al., 2009). The interviewees were selected on the basis that they would be knowledgeable about the merger preparations and were able and willing to discuss them (Kumar et al., 1993). Random sampling techniques could have been used, but given that the intention was to have some stratification of informants throughout the organisation (i.e. governors, executive, managers and supervisors), a truly random selection of organisation actors might have skewed this objective. Similarly, snowball sampling, where one informant suggests further informants, could have been used but again this was discarded as it was considered a risk that those informants with potentially 'unconventional' or opposite views might be purposely excluded from consideration by earlier informants. It was therefore decided that purposive sampling would provide the most useful spread of informants in the four key groups. Where possible, individuals were selected from both pre-merger organisations, from both academic and administrative groups within these

organisations and from among individuals who were thought might be positively or negatively disposed towards the merger from a personal point of view. The decision to select four different groups within the TEI also provided an opportunity to compare group responses in order to analyse if there were common perceptions of reality between these informants (Searle, 1996; Whyte, 1982). The researcher was also particularly interested in any mechanisms which might be uncovered which were operating within and between these discrete groups.

The institution selected was a former employment site of the researcher and was selected as being congenial, accessible and geographically convenient. Accordingly, negotiating access was reasonably straightforward, although the interviews necessarily took place over a period of a few months to make allowance for respondents' availability. The researcher was aware of the familiarity between the respondents and the researcher, therefore each interview was characterised by an initial period of informal small talk unrelated to the research topic to place the informant at ease and to exhaust all non-related news and gossip from both parties. Once the interview started, the researcher did not intervene with their own recollection of events which might bias the views or recollections of the respondent.

Semi-structured interviews (Saunders, Lewis, & Thornhill, 2009) were used with respondents. A number of themes highlighted in the literature review were used to design the initial question matrix to provide some element of

commonality between the interviews, essentially the highlighting of a number of surface events related to the themes (see the description of question development at section 3.6). The interview process was considered to be a dialogue between interviewer and informant, with the researcher constructing explicit accounts based on the informant's responses which were informed by their experience and knowledge.

A pilot was used to trial the interview matrix and data analysis techniques. Only one (of two) participant interviews could be included in the pilot analysis, as permission to use the second interview transcript was not received prior to the deadline for the results of the pilot analysis being submitted for scrutiny by the researcher's supervisory team. Given the relative dearth of data, it was not possible to deduce from the pilot whether the research question could be satisfactorily answered. However, the process seemed to work well, with comfort being taken that a number of the emergent themes from the pilot matched with those identified in the literature review.

Interviews were recorded using a digital recorder, with the interviewees permission, and the respondent was reassured that the recorder would be switched off at any time and the file deleted if requested. All interviews were either conducted in meeting rooms on the interviewee's business premises or in a public venue, depending on the respondent's availability. It was the researcher's original intention to observe the locations in which the interviews

were conducted in order to deduce whether there were physical or other cultural artefacts (Hatch, 1993; Schein, 1991b; Vaara, 2000) which could be discerned external to the interview data, but this was discarded since five of the thirteen interviews were conducted in venues outside the target organisation and the length of time spent inside the organisation was not deemed sufficient to form a fair view (Edgar Schein, in his book "Organizational Culture and Leadership" (Schein, 2010) alludes to having spent a number of years studying the culture of organisations at first hand, including identification of artefacts).

Immediately on conclusion of an interview, the audio file was transcribed by the researcher into a Microsoft Word document (Office 2007), which was emailed to the respondent for their comment/approval. Respondents were encouraged to use Word's 'tracked changes' function to allow the researcher to see where changes had been made in case it had an effect on the questions or questioning techniques in subsequent interviews, but the researcher stressed to all respondents that all changes suggested to the transcript would be accepted by the researcher without question; the researcher took the view that respondents might, in the stress of the interview situation, either say something which, on reading in the transcript, they realised to be incorrect or did not wish to be formally recorded. In order to protect the identity of the respondents and their data, all audio files and interview transcripts were stored securely on a USB memory stick which was password protected and incorporated 256-bit encryption software.

3.3 Selection of the Key Players for the Study

In order to target the correct organisational members in the study, it was felt appropriate to investigate the main groups of actors of a 'typical' Scottish TEI. Regardless of the decision-making process, key players in an organisation are in a position to control the major issues (Llewellyn, 2007): in terms of this study, it was considered appropriate to approach respondents at a number of key levels within the institution, i.e. the institution's leadership, governing body and managers/supervisors.

3.3.1 Leadership

As with all business opportunities, merger requires effective leadership. In the case of a TEI, leadership will originate from two sources: a strategic lead from the Chair of the governing body and an operational lead from the Principal which, if effective, will be carried throughout the organisation by managers. Research has shown that the higher the commitment of both institution's management, the higher the effectiveness of a merged entity (Applebaum et al., 2000a). Lind and Stevens (2004) suggest that, without exception, leaders of successful mergers had a clear vision and were thoughtful and open minded. Above all, leaders should be open to the highs and lows experienced by those they lead through a merger and lead by example (Mirvis & Marks, 1992a).

Schein (2010) suggests that in a merger, leaders should:

1. understand their own culture well enough to detect potential incompatibilities with the target organisation's culture;
2. understand the culture of the other organisation and what some of its assumptions are;
3. be able to articulate the similarities and differences in culture, in such a way that others (managers) can identify with, and deal with, these differences in culture, and
4. if the leader is not the CEO, they must be able to convince the CEO of the importance of cultural issues.

The Principal is effectively the Chief Executive Officer of the institution, is accountable to the governing body, and has responsibility for developing strategic plans approved by the governing body and for delivering these strategic and operational plans (Bargh, Bocock, Scott, & Smith, 2000; Cannon, 2001; Sizer and Cannon, 1999; Waugh, 1998). The Principal is a governing body appointment in Scottish TEs, reflecting the increasing importance of management competence and experience of the requirements of the post (Fielden, 2008). The Principal has the difficult task of apportioning resources between different subjects; different students cohorts; teaching versus research; community support, etc (Temple, 2008a).

The relationship between the Principal and the Chair of the governing body is extremely important as a channel to exchange views between participating

groups (i.e. university staff and governors). The success of this communication channel depends on the trust and goodwill evident between these two individuals (Bargh, Scott, & Smith, 1996). Principals spend increasing amounts of time dealing with the external environment, promoting their institution and networking with business leaders, politicians, funders and other leaders in education (Edwards, 1994; Price, 1994). As chief executive officer, they are also ultimately accountable and responsible for responding to the ever-growing range of accountability checks.

The Chair of the governing body is responsible for building a relationship with the Principal, based on a shared passion for tertiary education and institutional success, but should also capitalise on the creative tension between the governing body and the executive (Bargh, Scott, & Smith, 1996; Sizer and Howells, 2000). The Chair has a duty to ensure that the governing body has adequate time to ensure strategy is discussed, implemented and monitored (McNulty and Pettigrew, 1999).

Having considered these roles, it was decided that it would be helpful to interview the leaders of the two merging institutions to garner their views on whether they were conscious of the cultural aspects related to the merger and whether their views affected due diligence during the pre-merger stage. It was considered appropriate that the leaders should include either or both of the Principals and either or both of the Chairs of the governing bodies of the merging institutions. Unfortunately, neither of the Principals in post at the

time of merger were available for interview, but a number of senior executive-level staff who were close to the decision-making process were available and were invited to participate. In addition, the Chair of one of the governing bodies, who was subsequently appointed as Chair of the merged governing body agreed to take part.

3.3.2 Governors

The literature also highlighted the role of the governing body and the manner in which governance has developed in Scottish TEIs. In the last three decades, tertiary education governance in Scotland has come to mirror, in some ways at least, UK corporate sector governance which, it could be argued, emerged from issues related to the neoliberal economic orthodoxy of the late 1970s and 1980s which encouraged trade and financial liberalisation, privatisation, deregulation and a reduction in the role of the state (Gayle, Tewarie, & White, 2003; Ingley and Van der Walt, 2005; Kelleher, 2006).

Educational governance has grown in importance due to the massification of the tertiary education sector and the complexities of TEIs' mission. As institutions have grown, specialist services such as student support, information technology, estate maintenance, etc have all become more important. Universities and colleges are being asked to become more flexible and responsive in order to react to external demands from both customers and wider stakeholders. Indeed, a significant difference between the private

sector and TEIs is the much larger number of stakeholders with which TEIs have to interact (Kelleher, 2006; MacCarthaigh and Horan, 2010).

The modern governing body is dominated by a majority of lay members, recruited externally by the governing body itself for their skills and experience in business and commerce and has the responsibility of ensuring the institution maintains its academic and financial viability in the longer term (Sizer & Cannon, 1999). It was therefore decided that interviews of a number of lay governors involved in the pre-merger process would be helpful. A small number of governors who were in post at the pre-merger stage agreed to participate in the study.

3.3.3 Middle Management

Below the top leadership level, the middle management strata have a vitally important role. Middle managers are increasingly important as change agents as organisations become more complex and geographically diverse and are usually tasked with implementing the strategic direction dictated by senior managers, with limited discretion compared with their senior peers. Middle management can play either a productive or destructive role during a change process (such as a merger) as they are in a unique position to influence employees' emotional distress. The decision whether middle managers act either productively or destructively depends on their commitment to the change, which in turn will depend on how they perceive the change against their perception of the interests of the organisation, or

how the change fits with the manager's own self-interest. Middle managers attitude to change will also depend on how senior management defines their role in the change process. Middle managers can also be left to implement change without support of senior management, leading to disaffection at the lack of support and/or presence (Meyer, 2006).

Given the importance of middle management and communications to the merger process, it was decided to approach a number of middle managers to participate in the study and a number agreed.

3.4 Ethical Considerations

As part of the study design, ethical issues were carefully considered and a copy of the submission made to the Business School Research Ethics and Governance Committee is attached at APPENDIX 18. Issues which were considered included the protection of study respondents from embarrassment, harm or disadvantage and their rights in the study, including anonymity and the right to withdraw at any stage; processes for ensuring data collected during the study was held securely; arrangements for securing informed consent, and the procedure for securing respondents' approval of interview transcripts.

3.5 Access to Respondents

A list of potential respondents was compiled and a letter was developed and either posted or emailed to each individual (see a sample at APPENDIX 3). Each letter was accompanied by an Informed Consent document (see a sample at APPENDIX 4) which set out the format of the interviews and advised respondents of their rights during the data collection and validation phases. Respondents were asked to sign two copies of this document which was also signed by the researcher and respondents were invited to retain a copy for their records.

3.6 Interview Questions

Having assembled a list of participants, the next issue was to create detailed interview questions which would produce responses to assist in answering the research question. Having considered the literature and the themes detailed at APPENDIX 2, questions were developed which addressed the themes and were tailored to the case study under investigation.

It was considered appropriate to have separate question matrices for the four groups of respondents. The first matrix, developed for the pilot study, focussed on the Executive respondents (see APPENDIX 5) and included questions (i.e. questions 8, 9 & 10) regarding operational merger issues which would be inappropriate for members of the governing body. A separate matrix was therefore developed for governor respondents, which substituted questions focused on attempts to bring staff together prior to the merger and

about college processes and procedures, with more appropriate questions relating to the level of external influence on the governing body and the transitional arrangements for governance during the merger (see APPENDIX 6). The question matrices developed for the Manager (APPENDIX 7) and Supervisor (APPENDIX 8) classes followed the Executive matrix closely with only some minor wording changes to refocus the question for that group of respondents, while maintaining the overall theme of the question.

3.7 Reflection on Implementation of the Research Design

Research design and implementation was based on a considerable level of preparation. The approaches outlined were particularly new to the researcher and a great deal of time was spent studying positivism, interpretivism and critical realism. Negotiating access to the research site and developing the question matrices were reasonably straight forward (the researcher has twelve years experience in sales and marketing and hence some experience of this type of preparation); however, the interview instruments were designed with due rigour, taking cognisance of the literature review and the groups of key respondents selected to take part in the research. Access was eased by choosing a previous employment site which had retained an adequate number of respondents in the governing body, senior executive, management and supervisory roles from the merger period from which selection could take place.

Although the research approach worked well, the researcher was aware that the study could have been conducted from a variety of approaches and that the approach chosen had its limitations. In particular, the interpretivist / qualitative nature of the approach could have been replaced by a positivist/ empiricist/ quantitative approach, which would have provided data that might have provided significant statistical evidence (Mintzberg, 1979) of some causal relationships at work in the TEI. However, it was considered that these methods would have attempted to freeze the social world of the TEI and to reduce the individuals in the TEI to thoughtless components. Individuals not only exist in the social world, but have a fairly large hand in its creation: as this process of social interaction is open-ended, positivist techniques are no longer valid, as the freezing process simply defines a very small period in an ever-changing landscape (Morgan & Smircich, 1980). On the other hand, the interpretivist approach suffers because it is difficult (if not impossible) to compare results from different researchers (or different times) (Easton, 2010). Interpretivist research can also be fairly intensive and time-consuming due to the need to interact with research subjects on a personal level (Kim, 2003). Shared culture is also essential to interpretive understanding; all actors in a society must at least recognise shared values, even though they do not enact them (and may even oppose them) (Benton & Craib, 2001). "Knowledge" in interpretivist research is therefore a multiple set of interpretations that are part of the social and cultural context in which it occurs. This standpoint therefore makes it difficult for the interpretivist to generalise their findings. What will be true in one context may not be true in another (Kim, 2003). Overall, it was considered that the interpretivist

approach would provide the researcher with a much deeper understanding of the phenomena being studied, albeit findings would be temporally located and fallible.

4 DATA COLLECTION AND ANALYSIS PROCESS

Researchers using qualitative methods must be prepared to defend the manner in which data is gathered and analysed (Patton, 1999). One of the key aims of this chapter will therefore be to explain these stages in sufficient detail that the research processes undertaken and the path by which the researcher's analysis was concluded is clear (Boeije, 2002; Bong, 2002; Elo and Kyngäs, 2008; Hutchison et al., 2010; Thompson, 2002). The chapter will also describe the context surrounding the case study before addressing the main themes which emerged from the data analysis: the advantages and disadvantages of the merger, the effectiveness of the leadership and communication strategy prior to and after the merger, the importance of the due diligence process and cultural aspects of the merger.

This study investigated the merger of two colleges in Central Scotland. The colleges were located less than ten miles apart and had a history of working together. The larger of the two colleges was based in a medium-sized town and had, prior to incorporation of Scotland's colleges in 1993 (by the Further and Higher Education (Scotland) Act 1992), been the higher education college for the region. For the purposes of this study, this college will be referred to throughout as Urban College (UC) and its location as Urbanton. The college had three main campuses, all based in Urbanton.

The other college, identified here as Community College (CC), was a single campus college based in a smaller town (Commtown) and had traditionally been a feeder college to UC prior to Incorporation. CC was known for its focus on providing opportunities for disabled and younger students, offering special learning programmes which were not available at UC. At the time of merger, UC was approximately fifty percent larger than CC based on income/student numbers as suitable proxies for size (Scottish Funding Council, 2004).

4.1 Data Collection Methods

The study was qualitative in nature and data for the study was gathered through thirteen semi-structured interviews, conducted between April 2012 and January 2013 and in accordance with the process detailed in section 3.2.4. A range of respondents from both pre-merger colleges were interviewed, including three governors, four members of senior management (the Executive), four managerial staff and two supervisory staff. These groups are referred to throughout the thesis as the GEMS 'classes' (i.e. Governors, Executive, Management and Supervisors). The quotes reproduced in this document refer to respondents by these classes and a sequential number (e.g. G1, E1, S1 etc) to preserve anonymity.

4.2 The Data Analysis Process

The next stage in the research design was to analyse the data, i.e. make sense of the respondent's accounts in order to interpret their meaning

(Welsh, 2002). Unlike quantitative research, there are few universally accepted procedures and standards for qualitative data analysis (Catterall and Maclaran, 1998), however there are a number of options for dealing with each stage in the analysis and, as suggested by Beekhuyzen et al. (2010), the first step in the analysis process was to deconstruct the data into manageable pieces by developing a number of codes which could be used to examine, compare, conceptualise and finally categorise the data in order to be able to theorise about the case under investigation (Bazeley, 2007; Bong, 2002; Bryman and Burgess, 1994; Gibbs, 2007; Hsieh and Shannon, 2005; Jones, 2007; Morison and Moir, 1998; Srivastava and Hopwood, 2009; Thompson, 2002). Bringing together pieces of text from disparate data sources will then hopefully expose a common theoretical or descriptive idea in the data, with the idea being described by the code as a means of shorthand for the researcher to arrange these 'containers' of ideas into a logical model. Peters and Wester (2007) suggest that these codes are the researcher's attempt at using the data to build a conceptual framework which will then link to, and answer, the research question(s).

In conducting the analysis, the researcher was aware of the possibility of using 'a priori' (Bryman & Burgess, 1994) and 'a posteriori' codes, where a priori (or 'in vitro' (Carcary, 2011)) codes were defined in terms of pre-conceived concepts, usually derived from previous theory, literature or the researcher's own axiology and a posteriori (or 'in vivo' (Carcary, 2011)) coding emerges inductively from examination of the raw data (Burnard et al., 2008; Sinkovics et al., 2005). The latter case is also referred to as 'open

coding' (Elo & Kyngäs, 2008). In this case, both a priori and a posteriori coding was used since the research was shaped by the assumptions and experiences of the researcher (Thomas, 2006), with a posteriori coding being used initially to allow codes to emerge from the data: the researcher was conscious of the possibility of concentrating initially on a priori codes closing the researchers mind to what was in the data (Bazeley, 2007). Once a posteriori coding of the data was exhausted, a priori coding was used to create codes where the researcher felt there were gaps, either from their own experience of mergers, or from the literature review.

In terms of 'a posteriori' coding, each interview was coded using the NVivo Computer Aided Qualitative Analysis Software (CAQDAS), which was used primarily for its data handling, storage and retrieval functions (Maclaran and Catterall, 2002; Morison & Moir, 1998; Rettie et al., 2008; Thompson, 2002; Yin, 2009). Each transcript was stripped of question text (to lessen bias) and the remaining text was searched for occurrences of words with four or more letters using NVivo's word frequency analysis function, with a list of the top 100 words for each transcript being produced. Following inspection of these lists, it was apparent that there were terms immediately relevant to the study (e.g. 'college', 'merger', 'staff', 'management' etc) which were selected from each of these lists. Scrutiny of this 'long list' of codes resulted in some common terms being gathered together, resulting in the initial code list included at APPENDIX 9. Once this analysis was complete for all thirteen interviews, a separate analysis was conducted on all Governor, Executive, Management and Supervisor transcripts (as groups of transcripts) to test

whether there were any additional patterns to the frequent terms which emerged. No such patterns were discerned.

During this collation process, it occurred to the researcher that there might be other terms which were being currently overlooked due to their low frequency of usage by respondents which could be brought together because they described a similar phenomenon, e.g. 'system', 'systems', 'process', 'processes' and 'procedures' could all be gathered under the code label 'systems'. A further frequency analysis of the remaining terms from all transcripts was then conducted. Following inspection of these terms, it was decided that all words which occurred with a frequency greater than four would be included in the expanded list of code labels, with common terms gathered together where relevant. The expanded list of 29 code labels is included at APPENDIX 10.

In terms of a priori codes, it was apparent to the researcher that some of the themes which had emerged from the literature review were not represented on the expanded list. The literature review suggested that values and behaviours were a fundamental aspect of society, with individuals collecting values and beliefs throughout their life through interaction with parents and family and others in school, work and leisure contexts and from influences in spheres such as religion and politics. These values dictate what the individual deems to be normal or acceptable behaviour and will governs how

individuals react socially with others (Bennett et al., 1992; Steele, 2005). Shared values in a group (e.g. a family) will also provide a cohesive force which will bind the group together and will encourage the group to defend those values and beliefs that it upholds (Deal & Kennedy, 1988). Values, beliefs and behaviours are therefore also fundamental aspects of organisational culture, where the organisational 'group' will work to maintain, uphold and protect its values (O'Reilly, 1989; Schein, 1984; Schein, 1991a; Schein, 1991b; Schein, 1995; Schein, 2010; Schraeder & Self, 2003).

The literature review highlighted that change and change management were also central to mergers, with poor change management being associated with poor merger performance (Gioia and Thomas, 1996; Lundberg, 1985). A change process in any organisation will have a number of common features: the stakes are usually high; the number of people involved will be large; the emotional context is intense; timing is unpredictable, and the potential for unproductive conflict and negative outcomes (both personal and organisational) is great (Kimberley & Quinn, 1984). Change is a complex phenomenon to manage and success will depend on being aware of these 'situationally sensitive' aspects of the change and will rely on the ability of those leading the change to define a clear vision of the post-change future, a capability to navigate the organisational culture through the change process and maintain a feeling of value for individuals involved in the change, together with maintaining a level of trust between managers and employees. Good change management also relies on leaders being able to keep some

sense of stability in the organisation at a time when the organisation can be in a considerable state of flux (Siehl, 1985) in order to counter some of the sense of loss of the familiar and dependable (McCaskey, 1988). Successful change also relies on putting in place robust communications and consultation mechanisms involving as wide an audience as possible (Dalzell, 2000). In order to expedite change successfully, managers need to lead by example, demonstrating desired behaviours, execute appropriate strategies and understand the culture of the organisation and how to move it to a desired end state (Kavanagh & Ashkanasy, 2006).

Change was a topic which emerged in the pilot, as was trust. Trust stabilises and maintains social systems as it helps to cope with power differentials in an organisation (or across organisations in a merger situation) and is *"necessary for the generation and maintenance of collective action"* (Reed, 2001) and therefore central to the effective operation of organisations and mergers (Tierney, 2006). Trust can increase or decrease dynamically and is dependent on the level of sharing between the parties: shared norms further trust, because they diminish the chance of people misinterpreting mutual expectations. Shared norms can only become 'shared' by regular and good quality dialogue between parties at a number of levels, reinforcing the importance of communication and consultation in a merger situation. Learning about each other's ways of reasoning is more important than simply receiving conclusions. Each parties can then align themselves with the other parties norms (where possible) to show their good intentions (Bijlsma-

Frankema, 2001). When trust is absent, individuals will be less willing to change, particularly if the change involves perceived risk, such as in a merger (Tierney, 2006).

It was therefore decided that the following a priori codes would be added to the list:

- Values;
- Behaviour;
- Change/Change Management, and
- Trust.

4.3 The Thematic Model

This gave a final list of code labels, as detailed in APPENDIX 11. These code labels were then added to NVivo as nodes. At this point, the modelling function of NVivo was used to create a conceptual model of the nodes which had been selected, which is shown at APPENDIX 15. This forced the researcher to think specifically about how the nodes related to each other and provided a tool which helped to initially visualise the relationships between the nodes and assisted in developing the structure of the analysis and this chapter. Having worked with this model for a period, the researcher began to identify key themes within this model, as detailed below:

COLLEGE: The nodes 'places', 'curriculum' 'education', 'systems' and 'facilities' all related to specifically to a college and its key functions. The nodes 'colleges', 'Merged College', 'Urban College' and 'Community College' related directly to colleges and it was therefore considered appropriate to include these nodes in this theme.

MERGER: The nodes 'diligence', 'financial' (particularly when related to diligence), 'merger', 'change' and 'collaboration' all referred explicitly to the conduct of merger and were grouped together.

CULTURE: The nodes 'culture', 'values' and 'behaviours' are all clearly components of culture and were grouped together.

LEADERS: In the context of this study, members of the Board of Management, senior, middle and junior managers could all be regarded as leaders, therefore the nodes 'Board', 'Management' and 'Leaders' were gathered together under the Leaders theme.

STAKEHOLDERS: Colleges have a wide variety of stakeholders, both internal and external to the organisation, therefore it was decided to collect the nodes 'students', 'staff', business', 'community' and 'groups' together under a stakeholder theme.

ISSUES: The nodes 'working', 'emotions', 'time', 'organisation', 'trust', 'decisions' and 'issues' all seemed to relate to issues within the organisation

and between levels in the organisation and were grouped together under the 'issues' theme.

COMMUNICATION: Although consisting of the one node 'communication', this item was considered of sufficient importance (in the understanding of mergers at least) to warrant its own theme.

The conceptual model was modified to show this refinement, with each of the themes being colour coded, as shown at APPENDIX 16. This diagram was further simplified to that shown at APPENDIX 17, where themes were linked to each other according to the linkages shown in the initial model in APPENDIX 15. This simplified model is arranged intentionally to show the key relationship between colleges, mergers and culture (i.e. the first column on the diagram) and also the connection between leaders, stakeholder and issues (second column) and the importance of communications between leaders and stakeholders. The model also shows a clear link between colleges, leaders and stakeholders. This model was referred to regularly by the researcher throughout in order to provide structure to the analysis of the data.

4.4 Analysing the Nodes

Having settled on a collection of nodes, every interview transcript was coded against each of these nodes using NVivo and the functionality of this software was used to produce a 'node report' for each node, which contained

all of the fragments of data under each node. The researcher was interested in comparing the views of the GEMS classes to see if there were any key differences in the views and attitudes of each of the groups to the merger and cultural due diligence and the format of these node reports (i.e. the number of pages) proved to be unhelpful to facilitate such a comparison, so it was decided to create a matrix (an Excel spreadsheet) from each of these reports which would allow ready comparison of the responses from each of these classes by providing a layout where all of the responses in a node could be viewed more easily. A number of key themes were identified from the node reports (some of which unsurprisingly were node labels) and a matrix was developed, with the classes represented as rows and the themes as columns. The selected themes are included at APPENDIX 12. It should be noted that not all of these themes featured in every node matrix, with some of these matrices having as few as two or three central themes. A sample node matrix, detailing the responses to the 'Culture' theme is included at APPENDIX 13.

The node matrix reports were used to analyse key aspects emerging from the data, with comparisons drawn between the GEMS classes as appropriate. Where relevant, references to the literature were made to support the claims being made by respondents, or the thematic issues in general. The initial outline for this chapter is included at APPENDIX 14 to demonstrate how the node matrix themes were brought together to tell a coherent story around this case study and the data it produced. As writing

progressed, this initial framework was amended to provide a better flow to the narrative, which resulted in a structure which focussed on the advantages and disadvantages of the merger, leadership and communications and the due diligence and cultural aspects of the merger.

5 CASE STUDY: FINDINGS AND DISCUSSION

This chapter will begin by providing some context to the merger and the two pre-merger colleges in particular. It will also address the merger drivers, including increasing collaboration and integration of processes and systems, together with a desire to become a centre of excellence for the region, which led to the merger in 2005. A discussion of the themes emerging from the data analysis follows which focuses on respondents' views of the relative advantages and disadvantages of the merger, the effects of college leadership on the pre- and post-merger processes, the effectiveness of the communications programme and the due diligence activity conducted during the merger. The chapter concludes with an analysis of the level of activity which took place in the merger to discuss, develop and embed a new culture in the merged college together with attendant values and behaviours.

5.1 The Merger Context

UC was regarded as a fairly bureaucratic organisation by both sets of staff due to its size and this was reflected in the higher volume of systems and procedures used in the college. UC could afford specialist staff, whereas CC relied on its staff multi-tasking in a number of support roles. Some respondents referred to UC being 'more businesslike', 'faster paced' and 'more efficient' than CC. One respondent suggested that:

“...the culture of UC was more professional, a bit more flexible, a bit more responsive to the market (than CC).”
(Respondent M3)

CC was viewed as a more nurturing organisation, with practices which were considered more student-centred than those of UC. In terms of the educational curriculum, UC was considered the more 'academic' of the two, offering programmes to second-year degree standard (in conjunction with a university partner) while CC concentrated on access and vocational programmes.

Both colleges, in common with all other colleges in Scotland at that time, were governed by a Board of Management (BoM), which came into being as a result of the Further and Higher Education (Scotland) Act 1992 ('the '92 Act'), when colleges were removed from the control of local authorities and were placed under the control of a BoM which was tasked with ensuring the college provided suitable and efficient further education to its students and had a number of powers, including the ability to charge fees, to provide students with financial assistance, to acquire land and property and to borrow and/or invest funds in order to support the activities of the college (UK Government, 1992). While the merger appeared from the outside to be a merger of bricks and mortar, staff and students, legally the merger was between the BoMs of the two colleges.

In reality, much of the power invested in BoMs was delegated to the senior management (the Executive) of the college, with regular reporting to the BoM

to allow monitoring and control of activity to take place and for the BoM to take remedial action where necessary to ensure the college continued to meet its strategic objectives. Membership of the BoM was again defined by the '92 Act and, aside from the Principal and elected members of academic and non-academic staff (one of each) and a student nominated by the students' association, the remaining membership of the Board (between six and twelve members) was drawn from "*...among persons, not being members of the staff or full-time students of the college, appearing... to have experience of, and to have shown capacity in, industrial, commercial or employment matters or the practice of any profession...*" (UK Government, 1992: Schedule 2). These 'lay members' were effectively seen as change agents, against both the academic staff and bureaucratic administrators existing in the colleges, driving a desire by the UK government that colleges should be run much more like businesses (Brown, 2011), although it is argued that they, by their very definition, will never have more complete information on the work of the institution than the executive, and are largely in the hands of the executive regarding the information they are given access to (Cannon, 2001).

The merger, concluded in 2005, took place in a period of growth for the sector. Both colleges were in relatively good financial health, with five respondents suggesting that UC was the more cost-effective and more financially secure college, due largely to its size. The general economic climate at the time was considered to be fairly benign, with respondents

suggesting that there was less fear of redundancy due to the relatively buoyant employment market in the education sector. The colleges had explored merger in 1996/97, but the initial feasibility study had not been acted upon due to union opposition and some resistance from the Principal of CC (who had retired by the time of the merger).

Collaboration between UC and CC was not uncommon: a small number of staff, including both Principals, had worked in both colleges and staff from both colleges had also collaborated on developing academic programmes. The collaborative ethos between the two colleges was further enhanced when a small number of joint senior posts (in Finance and Human Resources) and middle management roles (in Health & Safety and Sport & Fitness) were created in the early 2000s (see APPENDIX 19 for an approximate timeline). These posts were created initially as cost-saving measures but were to produce further benefits as the merger developed. One respondent suggested that the success of these joint posts demonstrated to staff that the colleges could work more closely together.

Formal collaboration began when, a few years prior to the merger, the colleges decided to bring their Engineering training and teaching facilities together. Both colleges were experiencing poor enrolments in this area due to the downturn in the mining, defence and heavy engineering sectors (all key elements of the local economy), and both were struggling to make

significant capital investment to keep up with rapidly developing technologies such as Computer Aided Design and Manufacture. Neither college's facilities were suited to hosting a joint engineering facility, therefore a unit on a business park midway between Urbanton and Commtown was leased. The engineering facility was rebranded, staff and equipment were relocated and from 2001 the Joint Engineering Facility (JEF) received all engineering students on behalf of both colleges.

The JEF was not without problems and issues centred on staff having different employment terms and conditions. This was to be reflected in the preparations for merger, where efforts were made to harmonise staff terms and conditions ahead of the date of the merger (i.e. Vesting Day). The JEF was followed by a further collaborative venture in business and management studies (the Joint Business School (JBS)), although in this instance it was decided that the joint institution would be a virtual entity with common branding but without the physical presence of the JEF. Coupled with the development of the JEF and JBS, and possibly spurred on by the issues at the JEF, management at both colleges agreed that it would be prudent to further harmonise systems to improve the efficiency of these ventures and to prepare for potential collaborative opportunities in the future. These arrangements were overseen strategically by a Joint Steering Group which was formed from members of both colleges' Boards of Management and included both Principals. Operationally, the systems harmonisation process was facilitated by a small group of senior managers from both colleges who

met with managers and staff from the colleges to examine how existing systems could be aligned. This was one of the first opportunities that support staff had to regularly meet their counterparts and to experience and assess each other's values and behaviours.

The systems harmonisation process continued until it was deemed the level of work involved meant that it would be easier to merge the colleges. As one of the Executive said:

“There was an awful lot of joint working and it came to the point where joint working was becoming quite cumbersome... We finally reached the point where we thought this was more bother than it was worth.”
(Respondent E1)

Respondents were asked what they thought the drivers for the merger were. Various, the answers were that the merged college would be more responsive to employers; duplication of the curriculum across the two colleges would be reduced; take advantage of the synergy created by the two sets of staff; develop a broader range and more consistent quality of college provision and student experience; increase cost effectiveness and financial security for the merged college; reduce the size of support services; become a centre of excellence for the region and reduce competition. These answers mirrored merger drivers detailed in the literature: economies of scale (Buono, Bowditch, & Lewis, 1985; Cartwright & Cooper, 1996; Eastman & Lang, 2001; Eddy, 2010; Harman & Harman, 2003; Harman,

2002; Lloyd et al., 1993; Mok, 2005; Schraeder & Self, 2003; Skodvin, 1999), the ability to serve an increasingly diverse clientele (Bargh, Scott, & Smith, 1996; Donker & Zahir, 2007; Salmi, 2001), synergistic benefits (Aula & Tienari, 2011; Carline, Linn, & Yadav, 2009) and academic compatibility/complementarity (Millett, 1976; Rowley, 1997). Other drivers mentioned in the literature which applied to this case, but were not mentioned by respondents, included the benefits of geographical proximity (Millett, 1976; Temple & Whitchurch, 1994) and collaboration becoming so troublesome that merger becomes preferable (Millett, 1976).

Following discussion and agreement by both Boards of Management, the merger was formally announced in February 2005, with a Vesting Day of 1 August 2005 (see timeline at APPENDIX 19). One of the key announcements at this stage was that there would be no redundancies as a direct result of the merger. While this was generally well received, a small number of respondents felt there was too much emphasis on the 'no redundancies' promise and that it was inevitable that there would be job losses through reduction in duplication, particularly in the support staff areas. One respondent suggested that the Scottish Funding Council would not have supported the merger financially if there was not an expectation that there would be longer term costs savings.

The joint working that had begun in the collaboration phase was now accelerated and staff from both colleges were brought together in systems integration working groups to examine the needs of the merged college and to select systems, processes and procedures which would support those needs. These systems integration groups consisted of managers, technical staff and users. Respondents mentioned that fortunately the key finance, human resources and student records systems in use by both colleges were common, reducing the integration workload, but required to be 'streamlined and semi-professionalised', as one respondent termed it. This harmonisation process does not seem to have been entirely successful, judging by a number of comments made by respondents:

"...processes that were put in place were perhaps not robust enough..." (Respondent E3)

"I don't think there was a great deal of harmonisation of processes and procedures prior to the merger taking place." (Respondent E3)

"Things like the student records system didn't come together as quickly as had been hoped." (Respondent M3)

"After merger, I seem to remember staff having a few problems with systems..." (Respondent M4)

"Processes were developed...which, instead of supporting teaching, drove the teaching..." (Respondent S2)

Respondents mentioned that, due to sensitivities around the relative sizes of the colleges, and an acknowledgement that UC was a more bureaucratic institution (and therefore had more systems and processes), a conscious decision was taken to 'balance out' the systems adopted from each of the pre-merger colleges, with some CC systems and processes being selected where the UC equivalent might have been considered more appropriate. As one respondent put it:

"There was a little bit of stage management of [the selection of systems for the merged college] because we didn't want it all to be CC systems or UC systems, so there were some compromises on 'the best' to have a balance." (Respondent E1)

This move may be seen as an anxiety-avoidance measure on the part of the management, creating an artificial situation to reduce the feeling of takeover which would have resulted if the systems proposed for the merged college had come primarily from either of the pre-merger organisations. Reducing anxiety in such a manner can mitigate against a reduction in performance in a merger situation (Cartwright & Cooper, 1995; Krupar & Krupar, 1988; Meyer and Evans, 2003; Seo & Hill, 2005).

5.2 Emerging Themes

Having conducted the data analysis and taking cognisance of the model at APPENDIX 17, it was apparent that there were a number of themes, centring

on due diligence, culture, the relative advantages and disadvantages of the merger, leadership and communication. Each of these themes will now be explored individually, making reference to the literature on each theme as appropriate.

5.2.1 Due Diligence

The conduct of due diligence prior to merger was a central theme of the study. As stated in chapter 2, most of the literature on due diligence addresses financial, legal and marketing facets of a merger. Some researchers highlight the need to assess human resource and cultural aspects in a merger. Schmidt (2002) suggests that cultural assessment should be conducted, but the ability of management to understand cultural and behavioural issues is limited (Giffin, 2002), while Schweiger & Weber (1989) and Cartwright (1990) both note that an assessment of the relative human resource assets of the merging organisations is rarely conducted in the pre-merger period. It is therefore difficult to identify the key people the merged organisation should seek to retain (Clemente & Greenspan, 1998). As Galpin & Herndon (2000) state “...*the most commonly referenced sources of merger failure are 'people' issues and issues related to organisational culture. It stands to reason, then, that skillful acquirers should conduct due diligence analyses of these issues...*” (Galpin & Herndon, 2000:19). Clemente & Greenspan (1998) and Cartwright & Cooper (1996) also suggest that it is important to understand both organisations' cultures to provide a frame of reference for developing and executing integration activities: it is

impossible to develop new values and belief systems if the old values and beliefs have not first been analysed and understood. An understanding of both cultures lessens the 'culture shock' experienced by both sets of employees.

The bulk of responses relating to due diligence were restricted to Executive staff and Governors: Managers and Supervisory staff seemed not to have been exposed to the due diligence exercise. Respondents confirmed that due diligence was performed on financial and legal aspects of both colleges and, being undertaken by external agencies, could be considered independent, open and transparent. A unique feature of this merger was that the due diligence exercise was led by the joint Finance post, which meant that the process was considered to be even handed by respondents from both colleges. The due diligence reports were initially considered by the Executive and Board of each college and then these reports were shared with the other college. The due diligence exercise did not expose any issues of major concern, allowing the merger process to proceed to a decision to merge.

Concerns about due diligence were voiced almost exclusively by Governors: one Governor stated that due diligence was an essential pre-requisite to any merger, while other Governors interviewed suggested that the focus on financial and legal due diligence was unnecessary and the resources

expended on these activities would have been better directed to diligence in educational and cultural matters. Two of the Governors interviewed expressed general concerns over the need for financial and legal due diligence, suggesting that since the majority of Scottish colleges' income was derived from a single source (the SFC), their annual accounts were independently verified by external auditors appointed by the Scottish Government and colleges' governance was tightly regulated by legislation, it was highly unlikely that this sort of investigation would uncover any major discrepancies. One Governor suggested that the only reason for conducting financial and legal due diligence was 'window dressing' to demonstrate to the wider community that the SFC and Scottish Government had ensured that 'normal' (i.e. private sector) processes had been adhered to. Another Governor suggested that, given the focus on people and education in a college merger, the resources dedicated to financial and legal due diligence would be better directed to the assessment of the strengths and weaknesses in the structure, human resources, culture and curriculum of both colleges and how these could best be blended in the merged college.

5.2.2 Culture, Values and Behaviours

As Richardson and Denton (1996) point out, most cultures exist to resist change: they are established to provide stability and safety and to guard against (unwanted) modifications to accepted norms. Since managers are central to organisational change, the very culture(s) they are seeking to change in a merger may be inhibiting them from doing so

(Covin, Kolenko, Sighler, & Tudor, 1997). In this case, the lack of direction for staff immediately following the merger to create a new culture, or at least to self-organise (other than in their own administrative units) hampered the opportunity for a new culture to emerge (Mitleton-Kelly, 2006). As highlighted in section 2.8, the literature addresses the issue of monolithic organisational cultures, with a number of researchers suggesting that larger organisations in particular may consist of a number of sub-cultures (Crémer, 1993; Knight & Saunders, 1999; Martin & Siehl, 1983; Melewar & Akeel, 2005; Nahavandi & Malekzadeh, 1988; Risberg, 1997; Weick, 1985), particularly in academic institutions where academics may show more allegiance to their profession than to their institution, i.e. Gouldner's 'Cosmopolitans and Locals' theory (Gouldner, 1957; Gouldner, 1958). It may therefore be argued that the possibility of a 'mono-culture' being developed and persisting in Merged College might have been remote.

It is argued that the greater the cultural difference between organisations in a merger, the greater the 'culture shock' will be (Cartwright & Cooper, 1995). This 'shock' can take a great deal of time to overcome and, because emotional pain is involved, will generate resistance (Gayle, Tewarie, & White, 2003). Where mergers are characterised by poor planning and implementation, the merged organisation can be less effective than either of its constituent parts (Applebaum, Gandell, Shapiro, Belisle, & Hoeven, 2000a). The literature suggests that it is not always possible to create a

homogenous culture, with groups within organisations spontaneously creating their own sub-cultures along operational or professional lines (Kerevan, 2003; Schein, 1984; Schein, 2010) and it is necessary to identify cultural differences where they exist and work to diminish these where practicable (Stahl, 2004; Vaara, 2000). Areas with similar cultures may come together relatively smoothly while other areas may struggle as their cultures are divergent (Risberg, 1997). Whatever the overall culture of the merging organisations, it is important that they move to create a new unitary culture (as far as is practicable) acceptable to both parties (Cartwright & Cooper, 1993). Merging organisations also have to contend with culture being dynamic, an evolving social construction that is constantly being renegotiated and recreated by its participants (Riad, 2005; Tierney, 2006).

It could be argued that the senior management team of Merged College became quite insular following the merger as a direct result of a 'power culture', i.e. power resting with a single individual or small nucleus of key individuals (Harrison (1972) in (Cartwright & Cooper, 1992)) developing at the top of the organisation in response to the paranoid leadership style of the new Principal and the membership of the senior management team being mainly ex-CC staff. It might therefore be expected that staff in Merged College might resist this culture development since they did not see the benefit of such a change in culture (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b). Bijlsma-Frankema (2001) also suggests that a lack of trust in a merger situation

can close participants to the acceptance of new ideas and sharing of norms which will further harm the post-merger integration effort. The lack of communication that became apparent from respondent's comments would also have affected the merger's progress. As Applebaum et al. states "*Corporate culture, although extremely resistant to change, can indeed be changed with a proper communication plan in place*" (Applebaum, Gandell, Shapiro, Belisle, & Hoeven, 2000a: 682).

The lack of attention to the cultural aspects of the merger were highlighted as a major theme, with more than one respondent suggesting that the culture of Merged College had not yet become a 'mono-culture' eight years after Vesting Day. Respondents suggested that the cultures of UC and CC were very different and that this was not recognised in the pre-merger period, with very little effort directed into assessing these cultures and how a single culture for the new college might be developed.

Two of the Governance respondents suggested that the cultures of the two colleges weren't too dissimilar because all colleges had a focus on what was best for the student, while Executive and Management respondents suggested that the cultures of the two colleges were very different: CC had a 'laid back' or 'loose', culture, while UC was much more bureaucratic. One

respondent suggested that the culture of CC was that of a 'dysfunctional family' with control being exerted 'from the top'. Another respondent suggested that the JEF experience, where the two sets of staff had been brought together in one building and had then been 'left to fend for themselves' had informed the merger process, with resultant activity to bring all staff together and a focus on values for the new college in the pre-merger period. The literature tends to support the latter proposition: while colleges largely have the same mission, they will differ in their cultures because of their history, managerial practices, curricular mix and technology employed (Cartwright & Cooper, 1996).

Another suggestion made by respondents was that the colleges were so familiar with each other that there was no real need to formally homogenise the cultures of the colleges and any adjustments required would happen naturally in the post-merger period. Again, this runs counter to the literature, which suggests that organisations with similar cultures culminating in ideal, unproblematic mergers have not been verified by empirical evidence (Cartwright & Cooper, 1992). This lack of attention to the development of a culture for Merged College meant that the culture never became what respondents considered to be a 'mono-culture', with each of the campuses having a culture which reflected that of its previous parent college and the subjects taught there. It is interesting to note that an Executive respondent suggested the achievement of a mono-culture would be impossible in a college

environment due to the differing cultures of academic and support staff and even the geographical split between teaching staff teaching the same subject on different campuses resulted in differing cultures. This would suggest that the best that could be achieved in a merger of this type would be an 'integrated culture', as discussed in section 2.8. One Governance respondent suggested that the culture of a college might be influenced by the mix of 'core' academic and commercial work undertaken in a college. Respondents spoke of one campus where the subject focus had moved from construction skills to IT and the significant change in campus culture which had emerged as a result.

Interestingly, a new campus was developed post-merger in a small town which had not previously had any presence from either CC or UC and it was acknowledged that this campus had a culture which was different from any of the other campuses, the inference being that the lack of a 'parent' college had allowed this unique culture to develop. One respondent also suggested that there were different cultures in different workrooms of the merged college, depending on whether the workroom was home to academic or support staff.

Asked about how the culture of the merged college developed, a number of respondents suggested that the culture came to mirror the less bureaucratic, less ordered culture of CC and exhibited the key

characteristics of a power culture which was dominated by the Principal. The values which had been developed in the pre-merger period were largely ignored and it was the will of the Principal which guided the actions of staff and the college as an institution.

Respondents suggested that this culture did not transfer well from a small community college to a much larger and more complex institution.

Respondents thought that, in hindsight, the merger paid lip service to the development of values for the merged college and the human side of the merger was overlooked: one respondent suggested that the merger was more driven by the development of systems and processes, while another remarked that the focus of the merger process was to get to Vesting Day, rather than to focus beyond it on what was best for the merged college. One respondent summed up this feeling by stating that:

"Instead of valuing targets we needed to target values"
(Respondent M4)

Respondents noted that managers from both colleges were re-located to the 'other' college soon after merger, which was considered an attempt at mixing the culture of the new college. Those respondents who were involved in such a move saw it as a positive step and remarked that it had helped to get to know the staff in the other campus quickly. Initially, some teaching staff had also been timetabled to teach in both Urbanton and Commtown, but this proved to be counter-productive, with teaching starting late, or not all, due to

travel and other difficulties. Timetables were eventually rearranged in order that staff were based in one location for at least half a day. In some cases, subjects taught in both Urbanton and Commtown were eventually rationalised onto one campus, although this tended to be those subjects which required specialist facilities. Another respondent highlighted a case where specialist facilities in Commtown could have been beneficial to students studying a programme in Urbanton, yet this opportunity was never taken up due to resistance from (previously UC) teaching staff.

Executive respondents were clear that the specific work on values and other cross-college initiatives stopped immediately after conclusion of the merger in August 2005, since the Principal considered this work to be complete. There was therefore no opportunity for the developed values to be embedded in the new organisation. This runs counter to recommendations in the literature which suggest that during periods of culture change, it is important for senior managers to be seen to be role models for the new culture, embracing the new values and behaviours and to demonstrate those cultural traits which really matter (Deal & Kennedy, 1988; Fubini, Price, & Zollo, 2007; Kavanagh & Ashkanasy, 2006). Diamond and Rush (2012) suggests that change, and particularly intra-organisational collaboration (so important following a merger), must be based upon trust and mutuality and there must be good leadership at all levels to support the learning that is required to implement the change. Instead, there seems to have been an expectation that relocating staff between Urbanton and Commtown would

achieve the desired 'cultural homogenisation'. A Governance respondent suggested that:

"...we very quickly got into stuff like compliance working groups... and you maybe don't spend enough time on the hearts and minds..." (Respondent G3)

Respondents suggested that the failure to embed values left the organisation in a weak state and, as the organisation's values were unclear, what were and were not considered to be acceptable behaviours were also unclear. Some comments were made about a lack of 'visionary leadership' which might be traced back to this lack of clarity on values and behaviours: there was no leadership and role modelling to demonstrate to staff how to behave in the new organisation. Respondents spoke of a lack of direction in developing a new community in Merged College, of systems and process being allowed to drift back to those used in the pre-merger colleges and of senior managers making 'power plays' to control individual campuses. The feeling from respondents (including those at the Executive level) was that this lack of control and attention to detail irretrievably harmed staff trust in the senior managers of the college, leading ultimately to a breakdown in the ability of the college to effectively function without authoritarian rule.

The isolation of the senior management and lack of communication may therefore have led to alienation of Merged College's employees, who did not feel integrated into the dominant (power) culture of the college (Brannen & Peterson, 2009). Respondents spoke of middle managers eventually banding together informally to run the college in spite, rather than because, of the college leadership: this gap between senior management and the lower levels is a phenomenon recognised by Carleton (1997) and Schein (2010): faced with a lack of direction and the destruction of the existing culture, this group relied on its own innate values and behaviours to continue to manage the college. In effect, the key mediating role of middle managers communicating the strategic message from senior management to employees and supporting those employees in conducting their operational duties (Gleeson and Shain, 1999; Leader, 2004) became a one-way relationship with the employees. It could also be argued that this behaviour was also a form of 'anxiety avoidance', as defined by Schein (1984). The college at that point was operating with two dominant, yet conflicting cultures: that of the small yet powerful senior management team, and that of the middle management cohort: a clash of old (middle management) and new (senior management) cultures, as discussed by Cartwright & Cooper (1996).

The attitude of the college senior management seemed to be that the culture would 'sort itself out': Fubini, Price, & Zollo (2007) and Galpin &

Herndon (2000) note that some organisations will take this attitude. Indeed, the characteristics of the power culture are such that they would have stifled any attempt to create another (more inclusive) culture. The claim by respondents that the power culture which developed (in Merged College) was unsuited to the college is supported by the literature, which suggests that this type of culture is only effective in small organisations. The literature also suggests that a power culture, while quick to react (as they are based around one individual taking all the decisions), tend to be autocratic and lead to low morale and feelings of powerlessness amongst staff, precisely what occurred within Merged College (Cartwright & Cooper, 1992).

The introduction of cultural due diligence into a merger would therefore highlight the key challenges in bringing the merging cultures together at an early stage in the merger process and activity could be planned and programmed during the pre- and post-merger periods to move the merged organisation towards a desired final organisational culture, informed by the findings of the due diligence exercise.

5.2.3 Advantages and Disadvantages of the Merger

The literature on the success of mergers suggests that educational mergers tend to be more successful than those in the private sector, although Weber and Camerer (2003) point out that it is difficult to quantify how successful a

merger has been, since the performance of the merging organisations if they had not merged cannot be accurately forecast. Patterson (2000) suggests that educational mergers should not be entered into for economic reasons but rather for academic and strategic reasons. This is supported by Brouthers, Van Hastenburg, & Van den Ven (1998), who suggest that merger success can occur on several (non-financial) fronts which are difficult to measure, including synergistic benefits and reputational gain, and argue that the best measure of a merger's success is whether the merger achieved its original objectives. Cartwright (1990) and Cartwright & Cooper (1996) both suggest that mergers which have a prolonged period of 'dating' tend to be more successful, as is the case in this merger, where the merger was preceded by several years of collaboration, as evidence by the following quotes:

"The merger path really started quite early on and when you think about it, it probably started in 1997/98 and it didn't happen until 2005 and if my memory serves me right I think the Joint Engineering Facility came about around 2001-ish, so that was even four years before, and the thing I think was quite influential there was that although we had two employers, we actually created a single staff structure which did create its difficulties at the time, because it then meant that people from UC were managed by people from CC and vice versa [prior to merger] and we just bit that bullet." (Respondent E1)

"The real collaborations I think started back in 1996/1997/1998 but became formally collaborative in 1998." (Respondent G1)

"We had worked together in past years writing HN [Higher National] units. We worked in partnership with

[staff] at the other college. I had known most of the staff prior to merger and had worked with them there."
(Respondent M1)

Eastman suggests that mergers tend to be more successful where the institutions are in close geographical proximity; have complementary, rather than competing curricula (also supported by Martin & Samels (1994)), where the institutions are of unequal size (usually measured in terms of student numbers) and where both Principals are seen to be in favour of the merger (Eastman & Lang, 2001). Again, this merger was able to demonstrate all of these characteristics. Another factor that is considered advantageous is where staff are fully engaged in the transition process, coming together with their opposite numbers to design how the new organisation will operate, which has the added advantage of allowing staff to mingle and understand each other's organisations and cultures (Marks, 1988). Again, there was evidence of this in the interviews:

"I kind of moved quite quickly into the new college, I think. What started off well was, if you came from one college you moved to the other college as your base. I quickly got to know more people. I think the bit that worked quite well with that, the dynamics of that, was that you became part of the new college quite quickly. That was quite a positive thing." (Respondent E2)

"I can recall going to meetings where we talked about fairly major things; there was a presentation that we did jointly with Community College when we presented a picture of school/college partnership working and we deliberately shared things so that when we presented to the local authority we were speaking with one voice; we couldn't be divided. We presented a united front and

stopped competing in areas where it didn't make any sense." (Respondent E3)

When asked to consider what advantages the merged college had brought, respondents suggested that the college was more financially secure and had been able to invest in projects (including a new engineering skills building to replace the leased Joint Engineering Facility building) which would not have been possible for either college on their own. The merged college was also able to offer a wider range of programmes, from the 'access' and special learning provision offered by CC all the way to second year degree programmes which had been the speciality of UC, thus extending the length of the potential learning pathway for students. Respondents suggested that the larger merged college had been afforded more gravitas by potential partners and that the general quality of provision in the college had increased. Respondents also stated that the merged college was better able to deal with changes in legislation and had more formal systems and procedures.

On the negative side, respondents thought that the merger didn't address the rationalisation of the support staff areas originally intended, and these services were allowed to develop into silos and strategies to encourage cross-working between departments and the academic side of the business were not developed which, when coupled with increasing bureaucracy, increased academic staff's workload as evidence by these quotes:

“What was espoused at the time was about providing some sort of consistency to potential learners and other stakeholders in terms of the kind of learning that we offered; that we rationalised some of the duplication; that we were able to reduce on [the size of] some of the services, and so on. In terms of the rationalisation part, that did happen, in fact it's still going on... If I'm honest, I'm not entirely sure in terms of services and service support areas that there's been a dramatic rationalisation. There still seems to be a hell of a lot of people in Registry keying in registers.”
(Respondent E4)

“We still have duplication in some areas of the support staff from the last merger.” (Respondent S2)

This may be as a result of a well-documented phenomenon in mergers where communication in the immediate post-merger period reduces significantly from the pre-merger level, which hinders the optimal functioning of the newly formed organisation and hampers achievement of projected synergy gains (Banal-Estañol and Seldeslachts, 2011; Rice, 2002).

Rationalisation of subjects onto one campus in the merged college also disadvantaged students, many of whom struggled to access provision which was now in a different town: respondents therefore suggested that the ‘community’ feel of the prior colleges had been lost, together with the closer relationship which develop between staff and students in a smaller institution.

Other respondents suggested that the merger resulted in good staff leaving the college of their own accord, or through the eventual reorganisation. This again is supported by evidence in the literature, where the loss of key

personnel post-merger is cited as a common problem for mergers and can affect the performance of the merged institution if not managed properly (Bryson, 2003; Eastman & Lang, 2001; Marks, 1988). Respondents also suggested that the merged college was too large for the management skills which were available: again this is supported in the literature, which suggests that managers may not be equipped with the necessary communication or change management skills to manage the pre- and post-merger phases effectively (Kavanagh & Ashkanasy, 2006) and administrative and methodological problems can contribute to poor post-merger performance (Lubatkin, 1983).

Cultural due diligence could play a role in improving the involvement of staff in the design of the structure of the new organisation, including its desired culture. The selection and development of desired values and behaviours could form a foundation for wider structural adjustments that the merger might necessitate; a focus on the new organisational culture should also continue in the post-merger phase, with a concentration on ensuring pre-merger levels of communication and interaction between management and staff are maintained.

5.2.4 Leadership

Harman (2002) contends that two types of leadership are required in a merger: a visionary yet forceful leader to push things through in the pre-

merger period and a more collegiate leadership in the post-merger period which will allow morale to build and the new community and culture to be established. The pre-merger phase also requires a leader who will establish good communications with individuals at all levels of the organisation, allow adequate time for consultation, and lead in a positive manner, recognising the emotion attached to such a large change process (Kavanagh & Ashkanasy, 2006). It is important in a merger for leaders to create a transition process where both sides get together and work through the integration process, and to be seen to open themselves up to the highs and lows of the process experienced by the people in their charge (Mirvis & Marks, 1992a).

Executive respondents remarked that the relationship between the two Principals in the pre-merger phase was fairly unique: both Principals agreed to work jointly, with the Principal of UC overseeing the merger process on a day-to-day basis, while the Principal of CC had the task of effectively managing both colleges. Both Principals demonstrated commitment to the merger throughout the pre-merger process, supporting the contention in the literature that the higher the commitment of the top management, the more effective the merger should be (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b). Respondents' views of this period were that the Principals' acted and spoke with a united voice and it was clear that they would not be divided, which was seen as a key behaviour for others to follow, e.g.:

“It was quite clear that they [the Principals of CC and UC] were like minded people. It was visible that they had professional respect for each other. Yes, they defended their own corner, but it was not always at the expense of the other institution... they would do joint staff presentations and deal with questions across the piece. They put together a united voice and that was a huge and significant influence in how successful a real merger is as opposed to a lip service merger.”

(Respondent E1)

“...I think we merged pretty well at the time and I take my hat off to both Principals at the time for how they managed to get that.” (Respondent M1)

“We had two Principals, one with a very huge knowledge [who] had identified that there was no competition and there was a really well structured approach to the merger. I think that then what happened was the preparation for the merger was excellent; the timing was good.” (Respondent E2)

Shortly after the merger announcement it was confirmed that the Principal of UC would be retiring and that the Principal of CC would be appointed as Principal of Merged College. While some respondents saw this as confirmation of the CC Principal as the natural successor to the position, others suggested that the post should have been advertised and that the appointment was ‘incestuous’. One respondent suggested that having the two Principals involved in the pre-merger period was confusing and a single (and perhaps new) Principal would have designed the merged college structure from scratch, rather than a structure being developed which accommodated all of the staff of both colleges.

Comparisons made by respondents with other mergers at that time indicated that the merger was better managed and had a better industrial relations climate. Respondents noted that the joint posts and the previous collaborative arrangements meant that the merger process ran relatively well. The strategy of preserving all jobs in the merger, although welcomed by some, was highlighted as an issue by a number of respondents. Senior managers (including the Principal) were 'guided' into management positions in the new college, rather than the external and internal markets being tested for these posts. This led to a senior management team that was perceived to be weaker than it might have been. One respondent suggested that a structure should have been developed which met the anticipated vision for, and needs of, the merged college and that staff should then have applied for these positions. Another respondent suggested that large, multi-campus colleges are much more complex and difficult to manage and the structure of the new college should have reflected this fundamental aspect of the new college to ensure that the quality of service and the student experience could be as consistent as possible across the entire institution. Again, a cultural due diligence exercise, coupled with appropriate discussion on the structure of the new organisation, in the pre-merger phase could be used to develop the post-merger organisation's values and behaviours and to use this new culture to then address the structure that would be required to address the organisation's aspirations.

One of the main issues that arose after the merger was the relationship between the senior management and staff. A variety of respondents at all levels of the merged college, including members of the Executive, felt that the senior management team became very authoritarian, distant and hierarchical after the merger and the autonomy of middle and junior managers was restricted. This seems to indicate that senior management (i.e. the Principal) viewed the merger as an event rather than a process, with the style of leadership changing abruptly once the merger was concluded (Sinetar, 1981), as evidenced by these comments:

“...once the new college was set up it seemed to be a different philosophy from that which was in place prior to merger. There seemed to be a much more authoritarian attitude.” (Respondent M4)

“As a senior management team we were talking about putting formalised training in place on coaching skills for senior managers and managers but the Principal considered that it was unnecessary [following conclusion of the merger].” (Respondent E1)

The ‘authoritarian’ and ‘distant’ comments made by respondents could be argued indicate that the leadership exhibited a ‘Persecution’ personality type (Kets de Vries and Miller, 1986), characterised by a lack of trust, suspicion of employees and their motives, controlling and/or aggressive behaviour, a reduction in openness and the creation of a paranoid culture where the leader seeks protection by surrounding themselves with people who think like them. Information, as a power source, is also jealously guarded, creating a conservative and lethargic organisation. Management in such

organisations is abdicated to second-tier management who, by definition, will have no clear objectives and can therefore indulge in competitive behaviour against their rivals. Since leadership style impacts on merger satisfaction, such a negative experience will have an adverse effect on the future effectiveness of the organisation (Covin, Kolenko, Sigtler, & Tudor, 1997).

Some respondents (predominantly ex-UC staff) remarked that the senior management team came to be dominated by staff from CC. This led to a situation where both UC and CC staff claimed that their college had been taken over by the other: UC staff considered they had been taken over by CC since the senior management was dominated by ex-CC staff, while CC employees suggested they had been taken over by UC simply because UC was the larger college. Respondents mentioned the pre-merger reticence to take 'hard decisions' about staff redundancies in that phase of the process. One respondent suggested that Merged College was a 'very different animal to manage' due to the much larger number of staff, longer lines of communication and added complexity of the geographical layout of the institution. Another respondent mentioned that there was a feeling that staff were waiting on direction on how to create a 'large team ethos' and 'a community' in the merged college (i.e. the creation of a new culture), neither of which arrived. There was also a feeling from a small minority of respondents that a failure to deal with those staff who resisted the merger had resulted in poor behaviours becoming accepted (or at least tolerated) in the new institution.

Respondents suggested that the merger was very 'process driven' and the post-merger period came to be dominated by the Principal as the key figurehead of the organisation. There was a real feeling of 'job done' on Vesting Day, with no drive to continue with pre-merger activity thereafter (i.e. relationship building groups mentioned earlier in section 5.1). Some respondents were critical of the lack of direction and vision for the new college, with managers being allowed to introduce systems and processes in their own areas from their 'old' college. As some of these systems had previously come from a small community college, it was considered that they did not scale up in a much larger organisation. Having retained the Principal of CC and a number of senior managers, together with a Board largely constituted of members from the previous Boards, respondents suggested that Merged College had a feeling post-merger of 'business as usual'. The focus on taking all staff along with the merger process meant that the structure of the college was based on old structures (the CC model was quoted by more than one respondent), was top heavy and the difficult decisions on redundancies were simply deferred, rather than avoided.

The leadership of the merger seems to have started well, with a good communications strategy and processes in place to bring staff together in order to start the process of identifying and sharing values. The 'no redundancies' promise and the involvement of both Principals might be considered negative aspects of the pre-merger period, while the insular

nature of the senior management team in the post-merger period may be viewed as particularly damaging in a period when key issues such as the creation of a common culture and adjustment to the management of a much larger and more complex organisation would have benefited from a more inclusive leadership style.

It could therefore be argued that a fundamental aspect of all mergers should be for the (dominant) governing body of the merging organisations to assess the suitability of the current leadership to create, engender and maintain a new (and presumably desired) culture in the merged organisation and, if necessary, to take steps to recruit executives with the vision and skills to lead the new organisation towards this desired culture.

5.2.5 Communication

The importance of communication was another theme which emerged from the interview data. The literature suggests that communications are of paramount importance in a merger situation (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b; Applebaum, Lefrancois, Tonna, & Shapiro, 2007a; Aula & Tienari, 2011; Buono & Bowditch, 1989; Huang & Kleiner, 2004; Kavanagh & Ashkanasy, 2006; Marks, 1988; Napier et al., 1989; Richardson & Denton, 1996; Schmidt, 2002; Schweiger & DeNisi, 1991). As Clemente and Greenspan state "*Communications are, without question, the first and most important organisational activity that should be carried out after public*

pronouncement of the (merger) transaction” (Clemente & Greenspan, 1998: 220).

Effective communications lessen employee stress by allowing them to make sense of uncertainty and how it will affect them and that management have a plan they are willing to share (Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b; Burke, 1988b; Mirvis & Marks, 1992a). Marks & Mirvis (1997) and Applebaum, Gandell, Shapiro, Belisle, & Hoeven (2000a) suggest that communications should be designed to take advantage of a variety of communications vehicles (e.g. written, electronic, personal) and that over-, rather than under-communication, should be the norm. Communication across both organisations involved in a merger is a key method of developing shared mental models in order to begin to break down cultural differences (Eastman & Lang, 2001; Schein, 1993). The literature recommends that communications should present the merger as an episode in a longer story which includes the histories of both merging organisations, as well as the vision for the future to provide staff with a sense of continuity (Fubini, Price, & Zollo, 2007) and that communications should be made regularly, even when there is little to convey: this helps staff to disregard rumour and, in face-to-face communications, provides staff with an opportunity to ask managers about progress (Risberg, 1997).

Although the bulk of the pre-merger communication took place in a very short period of time (February to August 2005), the pre-merger communications strategy seems generally to have been effective and well-received by staff, with a programme of joint briefings to all staff from both Principals, a regular merger newsletter and team-level 'away days' at which staff at team and departmental level were brought together to look at how they would function in the future (although this was resisted in some areas by one or both sets of staff). However, most of the joint working (including the systems harmonisation groups) was discontinued after Vesting Day as evidenced by the following:

“A lot of cultural development work was done immediately premerger and post-merger, but it kind of stopped and I have to be quite honest and say the Principal wasn't really into all that stuff and wasn't prepared to fund activities that were about relationship development.” (Respondent E1)

“In terms of the two institutions becoming one I don't honestly believe that that really completely happened. It always comes down to individuals, doesn't it? At management level, that was even more apparent. What basically happened was that old allegiances ran deep. Certain individuals felt that creating a powerbase within the merged college could be achieved, particularly through the geographical split of the college; it did not take too much to control a campus. The cultural hangover from the merger allowed that to happen.”
(Respondent M2)

“Weaknesses [post-merger] were things like cross-college strategies, joined up strategies. For example the ICT strategy was never joined up to the learning and teaching strategy which was never joined up to the resources committee. There was a silo mentality which was created by the merger and people had powerful teams and power bases which they could then use for the forces of good or the forces of bad.” (Respondent M2)

“We had all of these working groups; we were looking at communication. Nothing happened. Nothing came of these groups. We spent lots of time and I think we came up with lots of good ideas in these meetings and then nothing happened with it. I don't understand why we did it. Were we just ticking a box? None of the actions went anywhere.” (Respondent S1)

“I think there were the ideas of certain values and behaviours and all of these things; we had a set of key principles, it was just that after we merged, we didn't spend time on those. It was up to Vesting Day; we did it and that was it done. I don't think there was enough time spent on embedding and developing and, as I say, the reflective practice I've got is it was very much focusing on outputs, systems, processes to be answer; and they went well, but actually what we then didn't do was embed the philosophies and maybe the changes and reflect on that, you know; it's how are people getting on, how is it working? How are all the people getting on with each other?” (Respondent E2)

Another feature of the communications strategy (highlighted by one respondent) was that the Principals made a conscious decision to 'preach to the converted' and did not waste effort or resources on those

whose attitude to the merger was negative, again possibly because of the short pre-merger period. In the post merger period, respondents felt that a lack of engagement between senior management and staff led to shrinkage in the communications network in the new college, resulting in some campuses feeling somewhat isolated from the centre.

From the respondent's comments, it would appear that many of these issues raised in the literature were addressed in the merger: staff were brought together both formally and informally as larger groups to receive information pertaining to the merger and regular communications were established through a variety of media. In addition to newsletters and meetings, attempts were made to create staff social events and a temporary staff member was recruited to arrange these activities. However, these social events failed to be popular and were poorly attended. The colleges also held 'stakeholder engagement' events internally where all staff were invited, in large groups facilitated by senior managers, to consider what values staff wished the new college to exhibit. Staff were also engaged by external branding consultants in 'storyboarding' what they wished the new college to look and feel like and this output was discussed in the wider college community. The colleges also created a joint prospectus in the lead up to merger which highlighted the relative strengths of the colleges and the benefits of the merger.

The main issue with the communication strategy was that it came to a halt after Vesting Day: all cross-college groups were disbanded and there was a perception that the new college now needed to simply carry on as before and all other matters, including the culture of the new college, would simply fall into place:

“Following the merger, there was a bit of senior management thinking that ... cross college groups weren't needed any longer as they were just talking shops. I don't think there was the same recognition that our tools are our people and our relationships and therefore there are a lot of things [post-merger] that could have been better if relationships had been allowed to continue rather than the view of 'it's just talking shops'.” (Respondent E1)

“...my understanding was that [the colleges had] been working closely together for some time beforehand, so maybe it was felt that the merger therefore was easier and more straightforward; it would happen by itself. Everyone knew each other; the Principal was an internal candidate, so maybe it was thought that [the cultural aspects of the merger] would just happen.” (Respondent G3)

As stated earlier, cultural due diligence and the development of values and behaviours associated with a new organisational culture could be used as one of the cornerstones of a merger communications policy, allied to the development of a structure for the merged organisation. This process would begin as soon as the merger was announced and should continue through the pre- and post-merger phases to ensure that a good level of interaction between the Executive and staff is maintained.

5.2.6 Trust

An issue which appeared of significant relevance to the researcher was the emergence in the data analysis process of the a priori codes, i.e. values; behaviour; change/change management, and trust. All of these codes were added from the literature review because they had not occurred in sufficient frequency in the respondent interviews to be considered as a posteriori codes. Values and behaviours figured regularly in texts relating to culture; change and change management were words which were common in the literature related to merger and trust featured prominently in the literature on leadership. Given that all of these words are in common usage, this led the researcher to question why these codes had not been included more frequently in respondents' data.

The researcher considered there were three plausible explanations:

- i. The terms were used during the merger process but had fallen out of regular use over the intervening period and had therefore dropped out of respondents' day-to-day vocabulary by the time the interviews were conducted;
- ii. The researcher's interview technique and questions posed were not sufficiently sophisticated to probe deep enough into respondents' recollections to reach the levels of consciousness where these terms would have been used, or
- iii. These terms had not been in common use at the time of the merger.

In terms of addressing each of these scenarios, the researcher could have overcome (i) by interviewing respondents where the merger had occurred more recently. However, attempts to access other merger sites were problematic and the researcher was unable to secure a more recent case. Given the reasonably unsophisticated terms, it is considered unlikely that they would have fallen out of use or represented phenomena so complex that it was difficult for respondents to articulate them. In terms of the interview technique and questioning, the researcher would suggest that the questions were designed with care, as demonstrated in section 3.6, and were constructed following the literature review to address key areas. The researcher was particularly careful not to lead the respondent and therefore terms such as 'values' and 'behaviours' did not feature prominently in the questions posed. However, it is acknowledged that the quality of the questioning technique in any interview is partially a product of the skill of the interviewer, therefore the quality of the interview may be partially responsible for the paucity of these terms in respondents' replies.

As argued above, these terms are in common usage and are not sophisticated phenomena; therefore it is reasonable to suggest that these terms were not a discrete focus during the merger process with the majority of respondents. Interestingly, on the occasions that the term values and behaviour were used in respondent replies, the majority came from either Governors or Executive respondents. This would seem to indicate that these

terms were in use at higher levels of the organisation relating to the merger, but not at the lower levels. Trust was referred to more often by respondents from the Executive and Management respondent classes and only once by a Governor respondent. Change management was hardly referred to but change (as a transformational concept) was mentioned predominantly by Management and Supervisory class respondents. However, as mentioned earlier, these utterances were so infrequent as to be of little analytical use.

What is important (if the final scenario is considered plausible) is that these terms seem not to have been in common use at the time of the merger and were not used to describe events and phenomena occurring at that time. Given that values and behaviour are central to organisational culture literature, this researcher can only deduce that the cultural diligence/ cultural engineering work conducted prior to the merger was minimal (if conducted at all), otherwise respondents would have been exposed to these components of culture on a frequent basis. This supposition seems to be supported by the data, where respondents spoke of some attempts at bringing staff from both institutions together, but primarily for the purposes of systems and process integration tasks. There does not seem to have been an attempt to understand the base values and behaviours of the pre-merger colleges, nor to establish a meaningful set of values and behaviours for the post-merger college. Similarly, the lack of mention of change/change management by respondents might indicate the lack of a sufficiently prominent formal process intended to bring the two organisations together, a lack of communication of same, or both. As some systems and process integration took place (as

evidenced by respondents) this would lead the researcher to conclude that these integration processes were not sufficiently communicated throughout the merging organisation(s).

The lack of reference to trust as a concept is more puzzling: while a lack of reference to trust by respondents cannot be equated with a lack of trust, it is evident that some of the responses in the interviews do point towards a lack of trust. As Reed (2001) suggests, trust is a 'highly elusive notion' that refers to complex forms of social relations and processes which are necessary for the generation and maintenance of collective action. Also, if partners in a relationship trust each other, then there will be a more open reception to new ideas and interaction should proceed more smoothly (Bijlsma-Frankema, 2001). Trust cannot develop without interaction; therefore it is important that there are good relationships between individuals, organisational units, leaders and external stakeholders in order that trust is built and maintained. Trust is a cyclical phenomenon and is dynamic rather than static: levels of trust between different parties can (and do) change on a daily, and even hourly, basis (Tierney, 2006).

It is apparent from the data that there was a breakdown in interaction between the Principal and Executive of Merged College and the staff of the organisation following Vesting Day, although the exact timeline of this breakdown is unclear. Respondents suggest the Executive became distant and communications became difficult: in this environment, it is therefore not

unreasonable to suggest that any trust that existed in the pre-merger phase may have dissipated to some degree in the post-merger period. As stated in section 5.2.4, the culture of the Executive could be classed as paranoid precisely at a time when, according to most literature, communications between leaders and their followers should be at a maximum to maintain impetus in the post-merger period (Applebaum, Lefrancois, Tonna, & Shapiro, 2007a; Bastien, 1987; Burke, 1988a; Mirvis & Marks, 1992a).

5.3 Key Themes

The preceding sections highlight the key themes which emerged in this study: in terms of the advantages of the merger, respondents mentioned the increased financial security that the merger afforded Merged College, including the ability to invest in large capital projects; the wider range of academic programmes available to students under one roof; the increased profile and gravitas of the college externally and the professed increase in quality of provision. All of these factors are supported by the literature - Harman & Meek (2002) and Harman & Harman (2003) both define merger goals in educational mergers which include mitigating institutional fragmentation and lack of financial and academic viability, together with low efficiency and quality. These perceived advantages were balanced by the respondents' perceived disadvantages of the merger: the cessation of wide-scale integration efforts post-Vesting Day; the lack of rationalisation of staff resource; the concentration of some subjects onto a single campus harming student access; the loss of the 'community feel' of the pre-merger colleges;

the loss of good staff who left due to the uncertainty of the merger, and the failure to recognise that different management skills were required to manage such a large and complex organisation. This is supported by Lifrieri and Schuttenberg (1971) who suggest that, if management do not remain aware of the importance of human resources in a merger, both the merged entity and the morale of the staff will suffer. Banal-Estañol & Seldeslachts (2011) suggest that mergers can fail because leaders underestimate the level of internal unrest due to conflicting organisational cultures, which may have been a factor here given that the integration effort stalled post-Vesting Day. Bryson (2003) supports this contention, citing personnel problems, cultural blending difficulties, loss of key staff and a lack of long term objectives as harming a merger effort. Kavanagh & Ashkanasy (2006) and Mirvis & Marks (1992b) also suggest that the types of issues found in this merger can be due to those leading the merger being ill-equipped to manage the process effectively, leading to demotivated staff, loss of key staff and a lack of trust in management exacerbating an already stressful situation.

Respondents were generally positive regarding the communications strategy pre-merger, even though the pre-merger period was relatively short (February to August 2005). However, the lack of engagement of the Executive post-merger was considered harmful to the future success of the merger. This links in with comments made about the leadership of the merger in general: respondents felt that there was a good partnership between the two college Principals in the pre-merger period, but that there should have been more competition (including market testing) for the senior

roles in the college as part of the pre-merger preparations. Respondents' comments also indicated a lack of trust between staff and the Executive which developed in the post-merger period. Comments made by respondents regarding each pre-merger college feeling 'their' college had been taken over by the other are fairly unique: none of the literature on merger highlights this as a common occurrence, and is perhaps indicative of the stress and uncertainty of the merger (which is common), but also of a pervasive lack of trust at a number of levels in the merger. Respondents also commented upon the tendency in the post-merger period for processes and procedures to revert to those which had been in use in the pre-merger colleges, indicating a lack of strategic leadership and monitoring of operational activity.

One of the most striking issues to arise from the data was the lack of ongoing focus afforded to culture in general and the development and embedding of a set of agreed values and behaviours in particular in the post-merger period. Although it was never an aim of this study to define the base culture of both UC and CC, it is apparent from the majority of respondents' comments that the cultures of both colleges were different; UC was considered a more bureaucratic organisation, while CC had more of a community feel. Using the cultural continuum model previously discussed in section 2.8 and based on respondents' comments, the researcher would place the culture of UC somewhere between a 'role culture' and a 'task culture', while CC would appear to have been somewhere between a 'task' and 'people' culture. It is

impossible to predict an exact position for either college on this continuum, or their individual directions of travel:

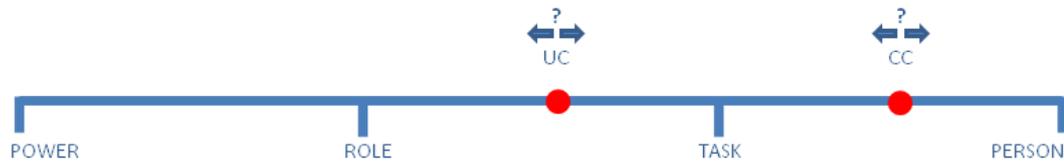


Figure 4: UC and CC cultures

According to the literature (Applebaum, Gandell, Shapiro, Belisle, & Hoeven, 2000a; Applebaum, Gandell, Yotis, Proper, & Jobin, 2000b; Bijlsma-Frankema, 2001; Brannen & Peterson, 2009; Cartwright & Cooper, 1995; Nahavandi & Malekzadeh, 1988) and assuming the cultures of the two colleges were converging, it is reasonable to expect that the culture of Merged College would have settled somewhere between these two positions if the culture of MC was left to develop naturally. However, respondents' comments are clear that the culture which came to dominate Merged College was closer to a 'power' culture, characterised by autocratic leadership and centralised decision making:



Figure 5: Merged College culture

It is interesting to note that, although respondents highlighted the power culture in MC, comments were also made about the culture of MC coming to resemble that of CC. Given the statements by four respondents that the Executive was dominated by staff from CC, it is perhaps natural, given the apparent lack of 'cultural drive' post-merger, that this transition would take place, given that senior managers would revert to processes and procedures with which they were comfortable. It is also reasonable to conclude that, as Handy suggested (in Dopson & McNay (1996)), there will be more than one type of culture at work in any one organisation and that MC could be viewed as having a power culture at one level of the organisational structure, while a separate culture (led by middle managers) dominated at a lower level in the structure which, in the vacuum created by the lack of direction post-merger, could reasonably be considered to be some hybrid of the cultures of the pre-merger colleges :



Figure 6: Cultural disparity in Merged College

This model specifically labels the 'Executive culture' as that of Merged College: the Executive of any organisation will control the resources of the organisation and will therefore be the 'dominant culture' (Kavanagh & Ashkanasy, 2006; Middlehurst, 1995; Temple, 2008b): sub-cultures will

necessarily have to work within these limitations. Again, due to the limited time the researcher had within MC, the above models can only be considered an approximation of reality, but correspond closely enough to respondents' comments and the literature to give the researcher some confidence in the models presented.

There appears to be a disconnect between the Governor respondents' assessment of the colleges' cultures and those comments made by other respondents. In section 5.2.2, Governance respondents suggest that the cultures of the two colleges were not dissimilar, while other respondents suggested the opposite, as graphically shown in Figure 4 above. This would tend to suggest that the Governors were unfamiliar with the cultures in either of the pre-merger colleges: however, given their role, distance from the operational aspects of the colleges, and time spent within the organisations, this is understandable. It does however suggest that merger guidance should direct Governors (who are ultimately responsible for the merger of their organisations) towards understanding the organisational culture of their charges at a point sufficiently in advance of the merger being completed to take a view (in consultation with the Executive and others) on how readily the two cultures could be brought together, or a new culture created, for the merged entity.

In terms of the research question, it can be argued that, on the evidence of this study, formalised cultural due diligence was not conducted in the merger

under consideration, although there is sufficient evidence to support a contention that informal cultural activity did take place in the pre-merger period, but was halted immediately on completion of the merger.

This thesis has defined cultural due diligence in the context of TEI mergers and has suggested that this activity be a central pillar of any future merger activity in the sector. It is interesting to note that, during the period that this study was undertaken, the Scottish Funding Council revised its original merger guidance (Scottish Funding Council, 2008). The revised guidance included a new section on conducting cultural due diligence in merger preparations, recommending that *“...consideration should also be given to undertaking a culture review at an early stage. The existing culture that partner organisations bring to the new institution will have a considerable impact on its success.”* (Scottish Funding Council, 2013: 15). Indeed, the City of Glasgow College merger, completed in September 2010, found that *“...conducting a “Cultural Due Diligence” exercise to be extremely valuable in producing a cultural baseline from which to build a positive culture for the new College.”* (City of Glasgow College, 2012: 21).

5.4 Summary of Findings

Chapters 4 and 5 have addressed the data collection and analysis processes employed in the study and the background to the case. Each of the major themes which emerged from the analysis has been discussed and have

been compared with the relevant literature as necessary to support or refute the claims being made. The key aspects which have emerged from this analysis are that the merger was generally viewed in a positive manner and although no discrete cultural due diligence activity could be discerned, some effort had been made to develop values and behaviours in the pre-merger period and to bring the cultures of the two colleges together, even if this was abruptly curtailed once the merger was concluded.

The merger would appear to have been beneficial for the student body, yet there were significant misgivings surrounding the leadership of the merged college after the merger concluded. Initial pre-merger work on exploring values for the new college was brought to an abrupt halt after merger and it is apparent that the merged college came to be characterised by two cultures: a power culture driven by the Principal and a small senior management team, and a culture maintained by a middle management attempting to keep the college running despite the feelings of powerlessness and low morale which are characteristic of a power culture.

6 CONCLUSIONS AND LESSONS FOR PRACTICE

The preceding chapters have highlighted the methodological approach to the research and the methods used and have described the data collection, analysis and findings. The research question has been answered: as highlighted at the end of the preceding chapter, in this case an exploration of values and behaviours (i.e. the 'building blocks' of organisational culture) was engaged with to a certain extent, therefore on this evidence it must be concluded that CDD (as defined later in 6.1.1) was not a feature of this merger. Whilst it is difficult to extrapolate this claim across the entire Scottish TEI sector, it would be reasonable to assume that the merging parties might have followed existing best practice. The lack of reference to CDD in the extant SFC guidance at the time of the merger is telling in this regard.

Persuasive evidence has been gathered to support the contention that CDD is indeed an important element in a merger context and again, the inclusion of CDD in later SFC merger guidance would seem to bear this contention out. The remainder of this chapter is concerned with highlighting inconsistencies between the data and the literature which point to issues identified in the study related to trust, communication and leadership and their effect on the merger. A definition of CDD is offered, together with a set of principles which can be used to guide cultural due diligence processes in future mergers. Finally, the researcher offers some suggestions for future research.

6.1 Improvements and Recommendations for Practice

In terms of the research question posed in section 2.9, it is apparent that cultural due diligence is an important process for any proposed merger and, on the evidence of this study, was something that was not conducted as a discrete, formal activity. Subsequent mergers have however conducted cultural due diligence (City of Glasgow College, 2012) and it is noted that, during the time in which this study was conducted, the guidance issued by the Scottish Funding Council on mergers in the tertiary sector in Scotland now includes specific guidance on 'cultural review' (Scottish Funding Council, 2008; Scottish Funding Council, 2013). The guidance stops short of prescribing how this cultural review should be conducted and it is recommended that additional guidance on how this activity might be conducted and analysed should be provided, together with suggested processes for merging disparate organisational cultures. Given that previous experience of merger is unlikely in any TEI senior management team, a set of general principles might be appropriate here, which offer guidance on how pre-merger cultures can be measured and then moved from the pre-merger to post-merger culture (accepting that it may not be desirable to have a post-merger culture which is a 'hybrid' culture of the pre-merger cultures).

Activity to create a new culture in a merger should continue long after Vesting Day. This study has shown that a reasonable level of activity related to the discussion of values and behaviours existed prior to Vesting Day, which appeared to cease shortly thereafter. Revised guidance on merger

preparations must stress that cultural management activity should continue long after the merger is concluded and the executive and governing body should satisfy themselves that progress towards a merged (or, at the least, integrated) organisational culture is being maintained. The timeline for such a process is out with the scope of this study, but it is considered likely that tools developed to measure and analyse the cultures of the pre-merger organisations could be reapplied at regular intervals to report on progress and highlight any corrective action. Any business case for merger submitted to the authorities for approval should contain specific details of how this process would be monitored.

Leadership in a merger is critical and this study has shown that the pre-merger stage was typified by good collaboration between the Principals of UC and CC and good levels of communication with stakeholders, while the post-merger stage suffered from an executive which withdrew from comprehensive communication with employees and was viewed as autocratic. Two related issues stem from the analysis presented above: the apparently uncontested nature of the Principal's appointment to the post-merger post, and the appropriateness of the leadership attributes to the post-merger organisation.

It is clear from the literature that leaders in a merger situation require a particular set of skills, as embodied in the transformational leadership model (see 6.2). Leaders need to be seen to be persuasive, inclusive, motivational

visionaries with the personal values and behaviours which will motivate followers to emulate them on the way to achieving the leader's vision for the organisation. By transferring their personal and organisational values to followers, transformational leaders not only affect change (i.e. the merger), but also set the foundations of the new organisational culture (Berson et al., 2008; Bligh, 2006; Oreg & Berson, 2011; Schein, 1991a; Schein, 1995; Schein, 2010). Governing bodies contemplating merger should, at an early stage in the process, consider which of the executive and managerial positions in the future merged organisation are critical to establishment of their strategic vision. It is strongly recommended that competition for these roles is initiated at a suitable point in the merger preparation process, such that these key roles are filled and fully functioning in the lead up to merger. The aim here would be to have a leadership team which, in addition to possessing the right functional skills, was capable of embracing transformation and motivating their followers to continue to function effectively while merger preparations were underway, while making an effective contribution to those preparations.

6.1.1 Cultural Due Diligence: A Definition

A review of the available literature demonstrates that there are very few definitions of CDD and those that do exist are available from sources other than academic journals. Articles on the 'ezine @rticles' website (<http://ezinearticles.com>) and Halogen Software website (<http://www.halogensoftware.com>) suggest that CDD is "*the process of investigating, assessing and defining the cultures of two or more distinct*

business units through a cultural assessment to discover areas of similarity and difference that will impact integration efforts and achievement of strategic objectives" (Imboden, 2014; Pellet, 2013), while the www.jrhm.de website defines CDD as a process which " ...aims at identifying the relevant cultural differences of the companies involved by a merger. The goal is to get a clear picture of the intercultural challenges of the merger. Up to date, CDD processes are usually not (yet) used in preparing the decision for a merger. Instead, CDD helps to prepare for and manage the post-integration process." (JHRM, 2014).

The common elements of both of these statements are a suggestion that the CDD process should identify differences between the cultures in order to assess the impact on the merger. Based on the findings of this research, this could be enhanced by being explicit on the particular elements of culture which will be investigated in order to arrive at the analysis, i.e. values, behaviours and assumptions. The statements do not however, address the secondary purpose of CDD highlighted throughout this thesis, which is to provide the parties with information which will allow them to 'engineer' a desired culture for the merged entity, whether that culture be the existing culture of one of the organisations, a brand new culture, or some hybrid, and to transition from the current cultural arrangements to the desired position. The following extended definition is therefore offered:

"Cultural Due Diligence (CDD) is the process of investigating and defining the cultures of two or more distinct organisations through an assessment of their accepted values, behaviours and assumptions; to discover areas of similarity and difference that will lead to the selection of, and transition to, a desired future culture which will support the achievement of the merged organisation's strategic objectives."

6.1.2 Principles of Cultural Due Diligence

Organisations considering merger should seriously consider an assessment of their own and the intended target organisation's culture, to provide a baseline from which the desired culture of the merged organisation can be developed. In doing so, organisations would do well to acquaint themselves with the cultural typology offered by Handy (1993) and the cultural continuum model developed by Cartwright & Cooper (1992) discussed at section 2.8, both as a means of identifying the pre-merger cultures and as a means of selecting a future desired culture.

The literature on the conduct of CDD is a little more voluminous than that on the definition of CDD and was reviewed in conjunction with the output of this study to develop a number of principles to guide a CDD exercise. In arriving at these principles, Edgar Schein's theory relating to organisational culture, and the relationship between values, behaviours and assumptions in particular, and their link to artefacts, as the visible, tangible manifestations of these cultural components (Schein, 1995) was kept to the fore.

It can be argued that Schein's focus on artefacts as the physical manifestation of organisational culture gives those contemplating a CDD exercise their starting point. Assuming an organisation is amenable to this sort of investigation, there are a wide variety of tangible indicators which can be observed to give the viewer some insight in to the organisational culture: formal statements on organisational philosophy; the design of corporate spaces; the role modelling and coaching activities of leaders; reward and promotion criteria; the organisation's structure; its systems and procedures, and its criteria for progression through the organisation, or excommunication from it (Schein, 1995). Other sources of data may include the manner in which new employees are socialised, with those responsible for employee induction and supervision usually a rich vein of cultural information. The examination of data relating to critical incidents which helped shape the organisation (e.g. successful and unsuccessful acquisitions or products) may also provide some insight. Discussions with long-standing employees, particularly those whose position enable them to influence culture (e.g. senior executives) can often highlight aspects of the organisation which may be puzzling to an onlooker but are perfectly natural to an insider and therefore point to specific cultural components (Schein, 1984).

Other aspects worthy of inspection include the manner in which organisational members interact with each other, particularly between hierarchical levels (Clemente & Greenspan, 1998); the 'climate' created by

the organisation by its physical layout and how it deals with outsiders; the specialised skills required to prosper in the organisation which are not a feature elsewhere, and the formal rituals and celebrations which are a feature of everyday organisational life (Galpin & Herndon, 2000; Schein, 2010).

While some can be accessed from documents, the richest source of knowledge about the organisation is the employees and those undertaking a CDD exercise in a friendly merger situation should consider focus groups as a means to surface assumptions, values and behaviours. Careful composition of these groups will lead to specific data being gathered, e.g. groups of relatively new employees will be able to offer data relating to how they were socialised into the organisation while it is still fresh in their mind, while groups arranged along functional lines (e.g. administration, academic specialisations, marketing) will allow the specific sub-cultures in those areas to be examined and for common organisation-wide cultural traits to be identified. In all of these groups, identification of artefacts specific to their area can assist in facilitating retroductive discussion to identify the underlying values, behaviours and assumptions specific to that sub-culture (and potentially common 'whole organisation' traits), while a similar exercise on artefacts common to the organisation at large may lead to identification of further organisation wide cultural components.

While it is acknowledged that data collection in a hostile target will be much more onerous, it can be seen that there are a number of avenues open to collect data from publicly available sources, e.g. company reports, newspaper and journal articles, formal/informal interviews with past and current customers (i.e. students) and ex-employees which can assist in filling in at least some of the blanks, which will provide some background on the target's organisational culture.

This section has given some guiding principles on conducting a CDD exercise. An 'internal' CDD would be fairly easy to arrange, as would an exercise with a friendly merger target. As stated above, the same cannot be said for a hostile target, but there are still elements of these guiding principles which can be used:

- 1. A CDD exercise should be conducted on all parties in the merger, whether they are amenable to investigation or not;**
- 2. The output from the CDD exercise will provide a baseline from which the desired culture of the merged organisation can be developed and monitored in the post-merger period (as recommended in section 6.1 above);**
- 3. Key to understanding an organisational culture are its various artefacts and the skilful retrodution of the meaning of these artefacts into the underlying values, behaviours and**

assumptions, held by organisational members, which drive the organisation's sub-cultures and overall 'core' culture;

- 4. Almost any physical artefact associated with an organisation will say something about that organisation: however, it will be those which seem out of the ordinary which may reveal the most;*
- 5. The richest source of data relating to an organisational culture rests with those inside the culture and individual interviews and focus groups should be used wherever possible to identify those key artefacts, values, behaviours and assumptions which define the core organisational culture;*
- 6. Externally available sources can be used in cases where access to internal data is not possible, i.e. company reports, articles, interviews with students and other customers and ex-employees;*
- 7. These same techniques should be used to continue to monitor the desired culture of the merged organisation to highlight any corrective action which may be required.*

6.2 The Importance of Leadership

The literature on mergers (and change management in general) and the formation and maintenance of culture both have common aspects: the importance of leadership, communication and trust. As discussed above, it is apparent that communications suffered post-merger and may have had an

effect on trust. The seemingly self-imposed isolation of the Executive will not have helped. It is clear that, for any merger to be successful, it must be led by senior managers who can maintain 'business as usual' in the merging organisations while motivating staff to produce additional effort to advance the merger preparations. Such leaders require to be visionaries, with communication skills which allow them to pass their vision to their followers, inspiring them to work towards this future ideal. A search of the literature on leadership suggests that the 'transformational leader' model (Avolio et al., 2004; Nemanich and Keller, 2007; Schaubroek et al., 2007) might be appropriate: as Nemanich & Keller (2007) points out, transformational leaders are essentially change agents perceived by their followers to exhibit influence, motivational inspiration, intellectual stimulation and individual consideration. They assist followers to leave established behaviours and values behind in favour of traits which will be more appropriate in the new environment. Nemanich found in her study that the transformational leader was able to influence employee acceptance of change and suggested that leaders should consider transformational leadership behaviours in such circumstances. Schaubroek, Lam, & Cha (2007) takes a similar stance, arguing that transformational leaders can inspire their followers to abandon self-interest and perceptions of their own limitations by supporting followers to attain goals, acting as a role model, stimulating followers to conduct analyses and showing concern for followers as individuals. Schaubroek also argues that the establishment of team values are important in any organisation, suggesting that accepted team values will boost performance of the organisation where these team values are aligned with the values of

the leader and his/her vision for the future. Avolio et al (2004) add that individuals' organisational commitment is key to their performance and transformational leaders can enhance this as stated above and by empowering their followers to reach their full potential through their leadership (particularly coaching and mentoring) and, in doing so, will create the transformational leaders of the future.

It can therefore be argued that the transformational leadership model is particularly pertinent to a merger situation, given its status as a large change process and the need to transform the organisation and its employees from one state to a future, more desirable, state. It is particularly important that leaders have a good relationship with an organisation's middle management, as it is these employees who will take the leader's message to the wider organisation. It is evident from the literature that it is impossible to do this without effective communication and extensive interaction with staff. The literature on change and change management supports the use of the transformational leadership model: a key factor in accepting change has been shown to be employees' acceptance of the change and where the leader is able to demonstrate their preferences for the change and to communicate these effectively to their followers using the transformational leadership model, this has had a positive effect (Oreg and Berson, 2011). Leaders should also be willing to listen to followers' concerns and the transformational leadership model encourages this due to the close interaction. Only by listening to followers' issues relating to change can

leaders come to appreciate resistance to change (Agócs, 1997; Smith, 2005) and problems related to the change which might otherwise not become apparent and thus to consider alternative ways in which the change could be managed (Agócs, 1997; Self and Schraeder, 2009; Thomas and Hardy, 2011; van Dam et al., 2008).

The literature also links transformational leadership to trust: the uncertainty associated with change processes can lead to broken trust and self-serving behaviours in followers, and good interpersonal relations and communications with followers are key to maintaining and/or rebuilding trust (Nikandrou et al., 2000). Trust can be defined as willingness to increase personal vulnerability to someone whose behaviour is out with the trustee's personal control: this is typified by the leader-follower relationship, where the follower has little or no control over the leader's behaviour: 'upward trust' is therefore very important in organisations (Butler et al., 1999). Trust in a leader has been shown to correlate positively with outcomes such as organisational citizenship and employee performance and satisfaction (Bartram and Casimir, 2007). Leaders who communicate and model important values and a shared sense of purpose have been shown to demonstrate acceptable levels of integrity, competence and trustworthiness, motivate their followers and focus followers' effort into those shared values and goals. Leaders who demonstrate a willingness to understand individuals' needs and supports them to develop also demonstrates a care for their followers which will lead to greater trust. The more supportive the leader is,

the deeper followers' trust will be in them (Gillespie and Mann, 2004; Schwepker and Good, 2013). To some extent, the appointment of the joint financial senior manager (as described in section 5.1) in the pre-merger phase demonstrates the importance of trust in such a scenario: the post-holder was instrumental in leading the financial due diligence in both colleges and being a member of both organisations was trusted to do so by the staff of both colleges in an even-handed manner.

Transformational leadership requires trust between the leader and their followers: the leader is asking followers to willingly disrupt the status quo in a change management situation, which is inherently uncertain. Trust in the leader is therefore important as an antecedent of risk-taking behaviour. Followers have to trust the leader, otherwise they will not commit to the leader's vision (Bartram & Casimir, 2007).

6.3 Further Research

The recommendations made in 6.1 above naturally suggest topics for further research: assuming that these recommendations were adopted, research into the efficacy of these new guidelines would be a useful indicator of the importance of cultural due diligence in a merger, particularly an investigation into how the revised guidelines enhanced the adoption of a stable, effective and content organisational culture.

One of the shortcomings of this study was that it was conducted retrospectively: future research might endeavour to engage with a merger, or mergers, at the pre-merger stage and conduct a longitudinal study of the identification, development and maintenance of the organisational culture and leadership selection processes contemporaneously. This is acknowledged as a particularly difficult project in the literature: researchers have great difficulty in identifying mergers sufficiently in advance of the merger announcement to allow time for engagement with the merging entities in which the cultural due diligence exercise and leadership recruitment processes could be observed. Merger deliberations and negotiations are also usually held confidentially and opportunities for research access might therefore be extremely limited.

Another area for further research might focus on the effect of leadership on merger and organisational culture in particular. As stated above, the recommendation is that transformational, rather than purely transactional, leaders should be engaged to lead a merger and it would be instructional to compare mergers where transformational and transactional leaders were in place to contrast both the implementation of the merger as a process and the outcomes in relation to these differing styles. The conclusions suggest that employee trust and stress are linked to levels and content of communication and the effectiveness of leadership and further research might focus on how

the transformational/transactional leader affects these topics in a merger situation.

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APPENDIX 1 Mergers In Scottish Tertiary Education Since 1994

1994/95	Duncan of Jordanstone College of Art with the University of Dundee
1998/99	Moray House Institute of Education with University of Edinburgh
	Scottish College of Textiles with Heriot-Watt University
1999/00	St. Andrew's College of Education with University of Glasgow
2000/01	Northern College of Education with University of Aberdeen and University of Dundee
2004/05	Glasgow College of Building and Printing and Glasgow College of Food Technology to form Glasgow Metropolitan College
2005/06	Clackmannan and Falkirk Colleges to form Forth Valley College
	Fife and Glenrothes Colleges to form Adam Smith College
2007/08	Bell College to University of the West of Scotland
2010/11	Central College, Glasgow, Glasgow College of Nautical Studies and Glasgow Metropolitan College to form City of Glasgow College
2011/12	Edinburgh College of Art with the University of Edinburgh
2012/13	Edinburgh's Telford College, Jewel & Esk College and Stevenson College Edinburgh to form Edinburgh College
	Barony College, Elmwood College, Oatridge College and the Scottish Agricultural College to form Scotland's Rural College
2013/14	Aberdeen College and Banff & Buchan College to form North East Scotland College
	Ayr College, James Watt College (Kilwinning Campus) and Kilmarnock College to form Ayrshire College
	Adam Smith College, Carnegie College and Elmwood College (non-land based assets) to form Fife College
	John Wheatley College, North Glasgow College and Stow College to form Glasgow Kelvin College
	Anniesland College, Cardonald College and Langside College to form Glasgow Clyde College
	Coatbridge College, Cumbernauld College and Motherwell College to form New College Lanarkshire
	Dundee College and Angus College to form Dundee and Angus College
	Clydebank College, James Watt College (Inverclyde Campus) and Reid Kerr College to form West College Scotland

(Colleges Scotland, 2014; Ramsden, 2012; Scottish Funding Council, 2013).

APPENDIX 2 Question Themes and Anticipated Outputs

Theme	Anticipated Output from Questions
Aims of the merger	<i>Perceived aims and objectives of the merger with possible discussion of the drivers propelling the merger process.</i>
Identification of the 'dominant partner' (if there was one)	<i>Test the perception of the respondents of the type of merger (e.g. consolidation vs. pure merger); also test whether both parties identify one specific college as the dominant partner through initiation of the merger, eminence of a particular college's systems and processes post-merger, or imposition of the college culture on the merged college.</i>
Merger 'atmosphere'	<i>Testing of the prevailing atmosphere during the merger process, which might indicate culture clashes between the organisations.</i>
Sharing of values and behaviours	<i>Investigate the level of activity which took place to allow staff from both colleges to meet (formally and informally) in order to begin to share their values and behaviours.</i>
Cultural due diligence	<i>Test respondents' knowledge of the term 'due diligence' and then test further on the term 'cultural due diligence' to ascertain the level of due diligence activity during the merger.</i>
Unanticipated benefits/issues	<i>Questions designed to identify emergent mechanisms which were an unanticipated product of the merger.</i>

APPENDIX 3 Letter To Potential Respondents

[name]
[address]

[date]

Dear [participant],

DOCTOR OF BUSINESS ADMINISTRATION (DBA) – RESEARCH PROJECT

My name is Colin Steen and I am a Governance Officer at Edinburgh Napier University. I am also a postgraduate student, studying for a DBA, and the focus of my research is mergers in Scottish tertiary education, particularly the preparations which universities and colleges in Scotland make prior to merger.

I am about to embark on the main data gathering phase of my research and would very much like to interview you and senior colleagues to discuss your experiences of the premerger stage of **[institution]**.

The project will use semi-structured interviews with individuals who are (or were) in a management or governance position during the premerger period of Scottish tertiary education institutions. Having conducted a pilot study, it is expected that the interview should no longer than one and a half hours. My research design calls for the following participants to be interviewed:

- Principal of the institution or other senior management team member involved in the premerger preparations;
- Chair of the Governing Body, or other lay member of the Governing Body involved in the premerger preparations, and
- Managers of the institution involved in the premerger preparations.

I am therefore writing to ask if you would agree to be interviewed and if it would also be possible to interview the Chair (or lay member) and members of the senior management and management. I would be happy to come to one of your campuses to conduct these interviews at your convenience and at separate dates/times to suit you and your colleagues. As the interviews will be digitally recorded (see below), I would ask if it would be possible to conduct the interviews in a quiet space.

The study is being conducted in accordance with Edinburgh Napier University's Code of Practice on Research Ethics and Governance, a copy of which is enclosed.

In conducting this research, I would like to make the following clear:

- You have the right to withdraw from participation in the study at any point, including during and post-interview;
- The data that you provide in the interview will be used in my study;
- Your identity, and that of the institution with which you are associated, will not be divulged to any third party and will be anonymised in any written work associated with this project. All reasonable steps will be taken to ensure identities cannot be inferred from the text;
- I intend to record interviews using a digital recorder. You have the right to refuse the use of recording equipment and may ask for the equipment to be turned off at any stage of the interview. The interview will be transcribed by me and a copy will be provided to you for amendment/approval prior to further processing/analysis. Again, you have the right to withdraw the transcription or parts thereof;
- All electronic and hard copy records of the interview and transcription will be held securely and confidentially by me. These records will be destroyed on completion of my viva voce (successful or otherwise);
- I am obliged to record your informed consent to take part in this study and attach a form which outlines the above. Should you agree to be a participant in my study, I will provide you with a copy of this document for your signature to record your permission.

I would be grateful if someone could contact me, or provide me with contact details, to arrange the above if this is convenient for you and your colleagues. My email address is c.steen@napier.ac.uk, my direct phone number is **0131 455 6495** and my mobile is **07801 827111**.

My thanks in anticipation.

Regards

Colin Steen
DBA postgraduate student
Edinburgh Napier University

APPENDIX 4 **Informed Consent Proforma**

EDINBURGH NAPIER UNIVERSITY

DOCTOR OF BUSINESS ADMINISTRATION

STUDY REF. ENBS/2011-12/016 – INFORMED CONSENT

I, [name], [role], [organisation], agree to take part in the above referenced research study being conducted by Colin Steen, a postgraduate student enrolled on the DBA programme at Edinburgh Napier University.

I understand that data collection will be by semi-structured interview and will be recorded using a digital recording device and the recording will be subsequently transcribed for the further processing as part of the study.

In agreeing to take part, I note the following commitments made by Mr Steen in connection with this study:

- I have the right to withdraw from participation in the study at any point, including during and post-interview;
- The data that I provide in the interview may be used as part of the data for the final study;
- My identity, and that of the institution with which I am associated, will not be divulged to any third party and will be anonymised in any written work associated with this project. All reasonable steps will be taken to ensure identities cannot be inferred from the text;
- I have the right to refuse the use of recording equipment and may ask for the equipment to be turned off at any stage of the interview. I will be provided with a transcribed copy of the interview for amendment/approval prior to processing. I have the right to withdraw the transcription or parts thereof;
- All electronic and hard copy records of the interview and transcription will be held securely and confidentially by Mr Steen. These records will be destroyed on completion of Mr Steen's viva voce (successful or otherwise).

.....
[name]
[role]
[organisation]

.....
Colin Steen
DBA postgraduate student
Edinburgh Napier University

APPENDIX 5 Executive Question Matrix

	Question	Reason for Question	Comments
1	Tell me a little about the institution as it is now?	Introductory question to get the respondent to speak from a position of firm knowledge with no specific 'right' answer.	Question is intended to put the respondent at ease.
2	What were the aims and objectives of the merger?	Introductory question with a more specific aim of checking each respondent's recollection of the reasons for the merger.	This question should uncover the commonly held belief of why the merger was planned.
3	Which party initiated discussions about the merger?	Introductory question designed to indicate whether the merger was an acquisition by one party of another.	It is anticipated that one institution will have been regarded as taking over the other.
4	Did the merger idea come from the governing body initially or from senior management?	More specific question on the mechanics of the merger process which probes the relationship between governing body and executive.	It is anticipated that the original idea of merger emanated from the executive prior to discussion and agreement to merge by each institutions' governing body.
5	How quickly did both governing bodies agree to the merger?	Specific question about the timing of the merger which may prompt further questioning about the 'atmosphere' of the merger.	May indicate whether the merger was viewed as friendly or hostile.
6	Would you say the merger was friendly in nature or hostile or somewhere between?	Follow up to question 5 above to seek views on the attitude of the respondent to the merger.	Lead-in question to allow initial probing of the perceived respective cultures of the merging institutions.

7	Was financial due diligence undertaken prior to the merger agreement and did you use the services of an external body to conduct this?	Initial question to check if the respondent understands the 'due diligence' term and to check whether financial due diligence was conducted.	It is anticipated that most institutions will have conducted financial due diligence. The outcome of the due diligence is not of interest in this study – simply whether it was conducted.
8	Did you plan any events prior to formal merger that brought groups of staff together to discuss how the merged organization would function?	Initial question to probe whether some form of cultural 'mixing' activity was undertaken.	It is anticipated that meetings will have been held at senior and possibly middle organizational hierarchical levels to discuss systems and process merging, but with little activity at the lower levels to allow cultural mixing.
9	At what level did these meetings take place? Senior, Middle or Lower level?	Follow up question to probe the depth to which cultural mixing took place.	Again, it is anticipated that cultural mixing will have taken at the higher levels of the organisations.
10	Did the processes and procedures of one institution tend to dominate the merger process and post merger institution?	This question attempts to check if there was a dominant party in the merger.	It is anticipated that the culture of the dominant party would be most likely to become the culture of the merged entity.
11	Is the term 'cultural due diligence' familiar to you?	Initial question to check the respondents' understanding of the 'cultural due diligence' terminology.	It is anticipated that the answer to this question will be negative. If the answer is positive, then the respondent will be asked to detail what they understand by the term.

12	Do you think that this was conducted in this merger? If so, how and by whom? Was a cultural audit of both parties undertaken and did discussions take place regarding the desired culture of the merger institution. Do you feel it benefitted the merger process?	More detailed probing of the manner in which cultural due diligence was implemented.	This question attempts to understand the respondents' attitude towards cultural due diligence and the perceived effectiveness of the process.
13	Which culture do you think came to dominate the post merger institution?	This question again checks the respondents' view on the dominant party in the merger.	It is anticipated that the dominant party's culture will be adopted as the culture of the merged organization.
14	Were there any unexpected benefits from the merger?	This is an open-ended question intended to uncover any positive issues which may have emerged from the merger which were unanticipated.	The answer to this question may indicate emergent mechanisms which came about as a result of the merger, but which were not planned.
15	Were there any unanticipated problems with the merger?	Likewise, this is an open-ended question intended to uncover any negative issues which may have emerged from the merger which were unanticipated.	The answer to this question may help to indicate whether a lack of cultural due diligence created unanticipated problems in the merger process.

APPENDIX 6 Governor Question Matrix

	Question	Reason for Question	Comments
1	Tell me a little about the institution as it is now?	Introductory question to get the respondent to speak from a position of firm knowledge with no specific 'right' answer.	Question is intended to put the respondent at ease.
2	What were the aims and objectives of the merger?	Introductory question with a more specific aim of checking each respondent's recollection of the reasons for the merger.	This question should uncover the commonly held belief of why the merger was planned.
3	Which party initiated discussions about the merger?	Introductory question designed to indicate whether the merger was an acquisition by one party of another.	It is anticipated that one institution will have been regarded as taking over the other.
4	Did the merger idea come from the governing body initially or from senior management?	More specific question on the mechanics of the merger process which probes the relationship between governing body and executive.	It is anticipated that the original idea of merger emanated from the executive prior to discussion and agreement to merge by each institutions' governing body.
5	How quickly did both governing bodies agree to the merger?	Specific question about the timing of the merger which may prompt further questioning about the 'atmosphere' of the merger.	May indicate whether the merger was viewed as friendly or hostile.
6	Would you say the merger was friendly in nature or hostile or somewhere between?	Follow up to question 5 above to seek views on the attitude of the respondent to the merger.	Lead-in question to allow initial probing of the perceived respective cultures of the merging institutions.

7	Was financial due diligence undertaken prior to the merger agreement and did you use the services of an external body to conduct this?	Initial question to check if the respondent understands the 'due diligence' term and to check whether financial due diligence was conducted.	It is anticipated that most institutions will have conducted financial due diligence. The outcome of the due diligence is not of interest in this study – simply whether it was conducted.
8	<i>What external influences did you have to cope with in the run-up to the merger? How did you cope with them? Was it solely a governing body issue, an executive issue or a bit of both?</i>	<i>Initial question to probe whether there was external influence in the premerger stage.</i>	<i>It is anticipated that the Scottish Government and the Scottish Funding Council will have had a locus in the merger preparations.</i>
9	<i>What were the transitional arrangements for the new governing body?</i>	<i>Question to probe how the final governance arrangements for the merged entity were arrived at.</i>	<i>It is anticipated that some sort of blending of the governing bodies will have taken place as a transitional arrangement.</i>
10	<i>How smoothly do you think the transition of the governing bodies went in terms of the merger?</i>	<i>This question attempts to check if there was a dominant party in the merger.</i>	<i>It is anticipated that the transition may have been less smooth if the merger was more of a takeover.</i>
11	Is the term 'cultural due diligence' familiar to you?	Initial question to check the respondents' understanding of the 'cultural due diligence' terminology.	It is anticipated that the answer to this question will be negative. If the answer is positive, then the respondent will be asked to detail what they understand by the term.
12	Do you think that this was conducted in this merger? If so, how and by whom? Was a cultural audit of both parties undertaken and did discussions take place regarding the desired culture of the merger institution. Do you feel it benefitted the merger process?	More detailed probing of the manner in which cultural due diligence was implemented.	This question attempts to understand the respondents' attitude towards cultural due diligence and the perceived effectiveness of the process.

13	Which culture do you think came to dominate the post merger institution?	This question again checks the respondents' view on the dominant party in the merger.	It is anticipated that the dominant party's culture will be adopted as the culture of the merged organization.
14	Were there any unexpected benefits from the merger?	This is an open-ended question intended to uncover any positive issues which may have emerged from the merger which were unanticipated.	The answer to this question may indicate emergent mechanisms which came about as a result of the merger, but which were not planned.
15	Were there any unanticipated problems with the merger?	Likewise, this is an open-ended question intended to uncover any negative issues which may have emerged from the merger which were unanticipated.	The answer to this question may help to indicate whether a lack of cultural due diligence created unanticipated problems in the merger process.

APPENDIX 7 Manager Question Matrix

	Question	Reason for Question	Comments
1	Tell me a little about the institution as it is now?	Introductory question to get the respondent to speak from a position of firm knowledge with no specific 'right' answer.	Question is intended to put the respondent at ease.
2	What were the aims and objectives of the merger?	Introductory question with a more specific aim of checking each respondent's recollection of the reasons for the merger.	This question should uncover the commonly held belief of why the merger was planned.
3	Did you feel that the merger was a coming together of equals or a takeover?	Introductory question designed to indicate whether the merger was an acquisition by one party of another.	It is anticipated that one institution will have been regarded as taking over the other.
4	If it was a takeover, which institution do you think took the lead and why?	More specific question on the mechanics of the merger process which probes the relationship between the two institutions.	It is anticipated that at least some members of staff (from the smaller institution?) will have viewed the merger as a takeover.
5	What was your impression of the timescale over which the merger took place?	Specific question about the timing of the merger which may prompt further questioning about the 'atmosphere' of the merger.	May indicate whether the merger was viewed as friendly or hostile.
6	Would you say the merger was friendly in nature or hostile or somewhere between?	Follow up to question 5 above to seek views on the attitude of the respondent to the merger.	Lead-in question to allow initial probing of the perceived respective cultures of the merging institutions.
7	Were you, as a manager, involved in any of the financial due diligence activities undertaken prior to the merger agreement? Did you think this was necessary?	Initial question to check if the respondent understands the 'due diligence' term and to check whether financial due diligence	It is anticipated that most institutions will have conducted financial due diligence. The outcome of the due diligence is

		was conducted.	not of interest in this study – simply whether it was conducted.
8	Were you involved in planning or leading any events prior to formal merger that brought groups of staff together to discuss how the merged organization would function?	Initial question to probe whether some form of cultural ‘mixing’ activity was undertaken.	It is anticipated that meetings will have been held at senior and possibly middle organizational hierarchical levels to discuss systems and process merging, but with little activity at the lower levels to allow cultural mixing.
9	At what level did these meetings take place? Senior, Middle or Lower level?	Follow up question to probe the depth to which cultural mixing took place.	Again, it is anticipated that cultural mixing will have taken at the higher levels of the organisations.
10	Did the processes and procedures of one institution tend to dominate the merger process and post merger institution?	This question attempts to check if there was a dominant party in the merger.	It is anticipated that the culture of the dominant party would be most likely to become the culture of the merged entity.
11	Is the term ‘cultural due diligence’ familiar to you?	Initial question to check the respondents’ understanding of the ‘cultural due diligence’ terminology.	It is anticipated that the answer to this question will be negative. If the answer is positive, then the respondent will be asked to detail what they understand by the term.
12	Do you think that this was conducted in this merger? If so, how and by whom? Was a cultural audit of both parties undertaken and did discussions take place regarding the desired culture of the merger institution. Do you feel it benefitted the merger process?	More detailed probing of the manner in which cultural due diligence was implemented.	This question attempts to understand the respondents’ attitude towards cultural due diligence and the perceived effectiveness of the process.

13	Which culture do you think came to dominate the post merger institution?	This question again checks the respondents' view on the dominant party in the merger.	It is anticipated that the dominant party's culture will be adopted as the culture of the merged organization.
14	Were there any unexpected benefits from the merger?	This is an open-ended question intended to uncover any positive issues which may have emerged from the merger which were unanticipated.	The answer to this question may indicate emergent mechanisms which came about as a result of the merger, but which were not planned.
15	Were there any unanticipated problems with the merger?	Likewise, this is an open-ended question intended to uncover any negative issues which may have emerged from the merger which were unanticipated.	The answer to this question may help to indicate whether a lack of cultural due diligence created unanticipated problems in the merger process.

APPENDIX 8 Supervisor Question Matrix

	Question	Reason for Question	Comments
1	Tell me a little about the institution as it is now?	Introductory question to get the respondent to speak from a position of firm knowledge with no specific 'right' answer.	Question is intended to put the respondent at ease.
2	What were the aims and objectives of the merger?	Introductory question with a more specific aim of checking each respondent's recollection of the reasons for the merger.	This question should uncover the commonly held belief of why the merger was planned.
3	Did you feel that the merger was a coming together of equals or a takeover?	Introductory question designed to indicate whether the merger was an acquisition by one party of another.	It is anticipated that one institution will have been regarded as taking over the other.
4	If it was a takeover, which institution do you think took the lead and why?	More specific question on the mechanics of the merger process which probes the relationship between the two institutions.	It is anticipated that at least some members of staff (from the smaller institution?) will have viewed the merger as a takeover.
5	What was your impression of the timescale over which the merger took place?	Specific question about the timing of the merger which may prompt further questioning about the 'atmosphere' of the merger.	May indicate whether the merger was viewed as friendly or hostile.

6	Would you say the merger was friendly in nature or hostile or somewhere between?	Follow up to question 5 above to seek views on the attitude of the respondent to the merger.	Lead-in question to allow initial probing of the perceived respective cultures of the merging institutions.
7	Were you, as a manager, involved in any of the financial due diligence activities undertaken prior to the merger agreement? Did you think this was necessary?	Initial question to check if the respondent understands the 'due diligence' term and to check whether financial due diligence was conducted.	It is anticipated that most institutions will have conducted financial due diligence. The outcome of the due diligence is not of interest in this study – simply whether it was conducted.
8	Were you involved in planning or leading any events prior to formal merger that brought groups of staff together to discuss how the merged organization would function?	Initial question to probe whether some form of cultural 'mixing' activity was undertaken.	It is anticipated that meetings will have been held at senior and possibly middle organizational hierarchical levels to discuss systems and process merging, but with little activity at the lower levels to allow cultural mixing.
9	At what level did these meetings take place? Senior, Middle or Lower level?	Follow up question to probe the depth to which cultural mixing took place.	Again, it is anticipated that cultural mixing will have taken at the higher levels of the organisations.
10	Did the processes and procedures of one institution tend to dominate the merger process and post merger institution?	This question attempts to check if there was a dominant party in the merger.	It is anticipated that the culture of the dominant party would be most likely to become the culture of the merged entity.
11	Is the term 'cultural due diligence' familiar to you?	Initial question to check the respondents' understanding of	It is anticipated that the answer to this question will be

		the 'cultural due diligence' terminology.	negative. If the answer is positive, then the respondent will be asked to detail what they understand by the term.
12	Do you think that this was conducted in this merger? If so, how and by whom? Was a cultural audit of both parties undertaken and did discussions take place regarding the desired culture of the merger institution. Do you feel it benefitted the merger process?	More detailed probing of the manner in which cultural due diligence was implemented.	This question attempts to understand the respondents' attitude towards cultural due diligence and the perceived effectiveness of the process.
13	Which culture do you think came to dominate the post merger institution?	This question again checks the respondents' view on the dominant party in the merger.	It is anticipated that the dominant party's culture will be adopted as the culture of the merged organization.
14	Were there any unexpected benefits from the merger?	This is an open-ended question intended to uncover any positive issues which may have emerged from the merger which were unanticipated.	The answer to this question may indicate emergent mechanisms which came about as a result of the merger, but which were not planned.
15	Were there any unanticipated problems with the merger?	Likewise, this is an open-ended question intended to uncover any negative issues which may have emerged from the merger which were unanticipated.	The answer to this question may help to indicate whether a lack of cultural due diligence created unanticipated problems in the merger process.

APPENDIX 9 Code Labels: Initial Selection of Relevant Terms

Code Label	Words
Colleges	College/ Colleges/ Institution
Merger	Merger/ Merge/ Merged/ Merging
Staff	Staff/ People/ Lecturers/ Individuals
Urban College	Urbanton
Community College	Comm town
Merged College	Merged College
Time	Time
Board	Board
Management	Senior/ Management/ Managers
Leaders	Principal/ Principals/ Leadership
Students	Student/ Students
Culture	Culture/ Cultural

APPENDIX 10 Code Labels: Expanded Selection of Relevant Terms

Code Label	Words
Colleges	College/ Colleges/ Institution
Merger	Merger/ Merge/ Merged/ Merging
Staff	Staff/ People/ Lecturers/ Individuals
Urban College	Urbanton
Community College	Commtown
Merged College	Merged College
Time	Time
Board	Board
Management	Senior/ Management/ Managers
Leaders	Principal/ Principals/ Leadership
Students	Student/ Students
Culture	Culture/ Cultural
Systems	System/ Systems/ Process/ Processes/ Procedures
Education	Education/ Teaching/ Learning/ Educational
Groups	Teams/ Groups/ Departments
Collaboration	Collaboration/ Everyone/ Shared/ Joint/ Together/ Both/ Everybody
Working	Working/ Work
Issues	Issue/ Issues/ Problems
Facilities	Campus/ Campuses/ Building/ Facilities
Community	Community
Places	Urbanton/ Commtown
Financial	Financial/ Accounts/ Accountant/ Finance
Business	Business
Curriculum	Curriculum
Communication	Communication/ Information/ Communicated
Diligence	Diligence
Emotions	Tension/ Hostility/ Threatened/ Concern
Decisions	Decided/ Decision/ Decisions
Organisation	Organisation

APPENDIX 11 Code Labels: Final Selection of Relevant Terms

Code Label	Words
Colleges	College/ Colleges/ Institution
Merger	Merger/ Merge/ Merged/ Merging
Staff	Staff/ People/ Lecturers/ Individuals
Urban College	Urbanton
Community College	Comm town
Merged College	Merged College
Time	Time
Board	Board
Management	Senior/ Management/ Managers
Leaders	Principal/ Principals/ Leadership
Students	Student/ Students
Culture	Culture/ Cultural
Systems	System/ Systems/ Process/ Processes/ Procedures
Education	Education/ Teaching/ Learning/ Educational
Groups	Teams/ Groups/ Departments
Collaboration	Collaboration/ Everyone/ Shared/ Joint/ Together/ Both/ Everybody
Working	Working/ Work
Issues	Issue/ Issues/ Problems
Facilities	Campus/ Campuses/ Building/ Facilities
Community	Community
Places	Urbanton/ Comm town
Financial	Financial/ Accounts/ Accountant/ Finance
Business	Business
Curriculum	Curriculum
Communication	Communication/ Information/ Communicated
Diligence	Diligence
Emotions	Tension/ Hostility/ Threatened/ Concern
Decisions	Decided/ Decision/ Decisions
Organisation	Organisation
Values	Value/ Values
Behaviours	Behaviour/ Behaviours
Change	Change/ Change Management
Trust	Trust

APPENDIX 12 Node Matrix Themes

- Cross college working;
- Values and behaviours;
- Culture;
- Leadership;
- Issues;
- Context;
- Trust;
- Advantages/Disadvantages of the merger;
- Merger drivers;
- Due diligence;
- Communications;
- Governance;
- Brand;
- Change;
- Curriculum;
- Emotions;
- Urban College;
- Community College;
- Places;
- Staff;
- Students;
- Systems, and
- Time.

APPENDIX 13 Sample Node Matrix Report: Culture

	Cross-college working	Values and behaviours	Merged College Culture	Problems with leadership	Jobs	Issues wrt constituent colleges	Context	Trust	Merger Drivers	Due diligence	Disadvantages merged college	Communication
E	Joint staff brainstorming sessions.	Programme of management and leadership development was led by an external agency.	The feel of individual campuses was dependent on the subjects taught there and changed when the mix of subjects changed.	Having two Principals involved in the merger was confusing.	Terms and Conditions as a cultural reference point.	UC felt it was an elite institution.		No one believed the promise of no one losing their job due to the merger.				
	Joint social events.	Developed values for the merged college were not embedded.	There was recognition that the two colleges had separate cultures but this was of no interest: the focus was on a culture of the merged college.	Big ideas were agreed but were poorly implemented by middle managers due to poor leadership/ poor middle management.		UC needed to improve its customer care/ customer service.		People are not inclined to trust someone unless they see them face-to-face.				
	Staff were involved in the specification of the new engineering skills building after merger.	Cultural development and coaching skills for managers all stoooped as soon as the merger was concluded.	No attempt to homogenise the culture of the merged college led to problems.					There was no open dialogue with staff therefore trust was lost.				
	Collaboration at the JEF consisted of bringing 'two halves' together. It highlighted that harmonisation of processes and procedures prior to merger were important.	Humour was introduced into staff conferences in the merged college, challenging values and beliefs in an oblique way.	MC culture was primarily that of CC: less bureaucratic; less ordered.					It is important to develop relationships with staff before they will trust you.				
			College cultures are based on doing what is best for the student; therefore common values are based on this.									
			The post merger culture was based on the cult of personality.									

	Cross-college working	Values and behaviours	Merged College Culture	Problems with leadership	Jobs	Issues wrt constituent colleges	Context	Trust	Merger Drivers	Due diligence	Disadvantages merged college	Communication
			There were different cultures in different workrooms, depending on whether the room accommodated academic or support staff. Also different cultures in same subject workrooms based on geographical location.									
			Support staff and academic staff have different cultures,									
			MC culture was dominated by the Principal and a very small management team, unsuited to such a large organisation.									
			The culture of the merged college was not risk averse but was very much about 'do it and move on' (as the merger had been) therefore very little was ever finished.									
			Campuses should be allowed to develop their own identities.									
G			Culture shift is a challenge.				Regionalisation mergers are not being done for the benefit of the students.		Consistency of the student experience across the merged college is paramount.	Cultural and educational due diligence is more important in a college merger than financial and legal due diligence.	Spent too much time on compliance issues and not enough on the 'hearts and minds' issues, e.g. acceptable behaviours.	
			Culture shift in a takeover is much						The merger did achieve			

	Cross-college working	Values and behaviours	Merged College Culture	Problems with leadership	Jobs	Issues wrt constituent colleges	Context	Trust	Merger Drivers	Due diligence	Disadvantages merged college	Communication
			more difficult.						economies of scale.			
			Asking staff to teach in the 'other' town in order to mix cultures harmed the student experience.									
			College cultures are based on learning and the student experience.									
			A different emphasis on commercial operations might affect a college's culture.									
			There was no real difference in the cultures of UC/CC.									
			Familiarity of the colleges with each other was a motive for not bothering with cultural integration.									
			Values were not embedded and there were unwanted behaviours.									
			Lip service was paid to values.									
M		The merged college had agreed keywords: forward thinking; fun; flexible.	The MC culture moved to a CC culture dominated by the Principal.	Post-merger there was a much more authoritarian attitude from senior management who also became less accessible.		CC culture was that of a 'dysfunctional family'. Lots of control from the top.		There was a lack of trust in staff to do a good job in the merged college.			Lots of custom and practice issues in the merged college with staff resisting change.	People buy into doing things more readily if the reason for them is clear.
		There was more of a focus on the student experience and customers.	CC's small community college culture did not transfer to such a large college.	The two colleges never really became one. Issues arose with senior managers gaining control of individual		CC culture was more professional, flexible and responsive to the market.						The Merged College brand was strong.

	Cross-college working	Values and behaviours	Merged College Culture	Problems with leadership	Jobs	Issues wrt constituent colleges	Context	Trust	Merger Drivers	Due diligence	Disadvantages merged college	Communication
		Campaigns were used to try to instil corporate values in staff.	Cultures of UC and CC were very different due to the approaches of the Principals.	campuses.		CC culture was 'laid back'.						
			Attention to the cultural differences of the two colleges was poor.			UC culture was more bureaucratic due to its size.						
			There were cultural differences between UC and CC.			A focus on gaining credibility by bringing in freelance staff created friction with permanent full time staff.						
			Tried to bring the best of both cultures together.									
			There was no attempt to impose a new culture and staff were allowed to resist change.									
			There is still no mono-culture in the merged college seven years after merger.									
			No 'cultural' benchmarking was undertaken.									
			MC was a new culture.									

APPENDIX 14 Outline of the Themes Section of Data Analysis Chapter

Section 1: Context

This context section should set the scene of the two **colleges** (called **Urban College** (UC) and **Community College** (CC)), giving their recent history, approximate sizes, campuses, locations, etc. It would be useful to mention the history regarding the **educational curricular** split between the colleges prior to Incorporation.

It should then go on to describe the history of **collaboration** between the two colleges and the **cross-college working** evidence (outreach, creative arts, etc.) where each college agreed not to step on the others toes. The collaborative ventures in Engineering and Business can then be mentioned and perhaps the influence of **business** as a stakeholder and the college as a business.

The section should finally make mention of the **merger drivers** which prefaced the decision to merge. These will include **financial** reasons.

Section 2: Merger

This section should outline the **timeline** of the **merger** process, including the influence of the leadership and the **Boards**. It should make mention of the short time which was allowed for merger, how the merger was **organised** and make mention of the cross-college working which was put in place to attempt to standardise **systems, processes** and procedures prior to merger and the development of the **Merged College** (MC) **brand** (using **external agencies**). The issue of **diligence** should be introduced at this point, including the financial and legal due diligence that was done and the educational and cultural due diligence which should have been done. It will be useful to introduce some of the **issues** around **trust, communication** and **decisions** at this point.

The section can then go on to discuss the **advantages** and **disadvantages** of the merged college, including **issues with the constituent colleges**, development of **facilities** and new campuses in different **places**.

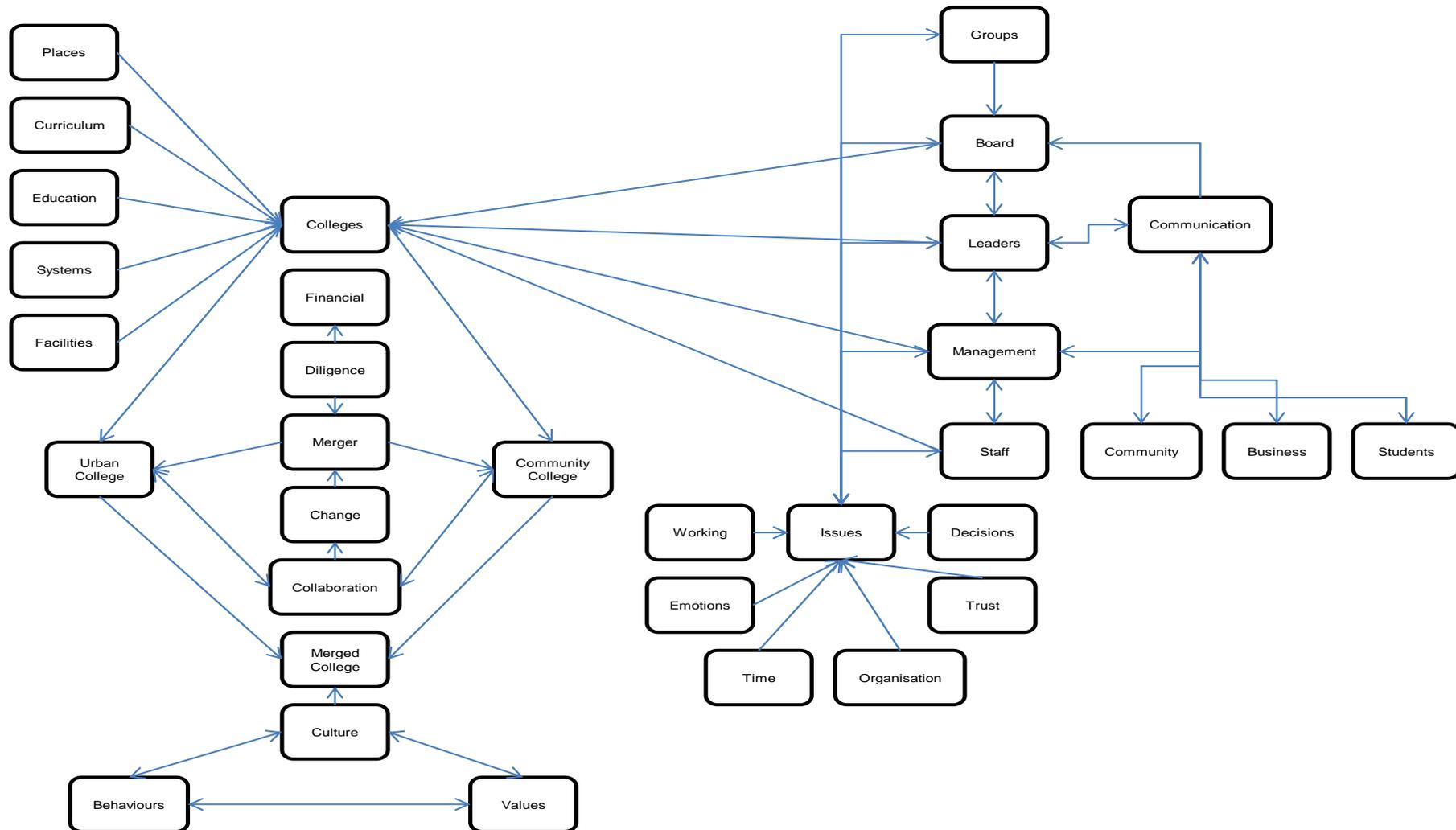
Section 3: People

This section will have to be interwoven amongst the others; since **people** are so central to a college, they have an effect on every aspect of the business. The section should highlight the **groups** of stakeholders with an interest in the college merger, the focus on **students** in UC, CC and MC, the importance of **staff** and maintaining **staff motivation** and **relationships with management** and the importance of good **leaders** and their **relationships** and the **leadership problems** which arose during and after the merger.

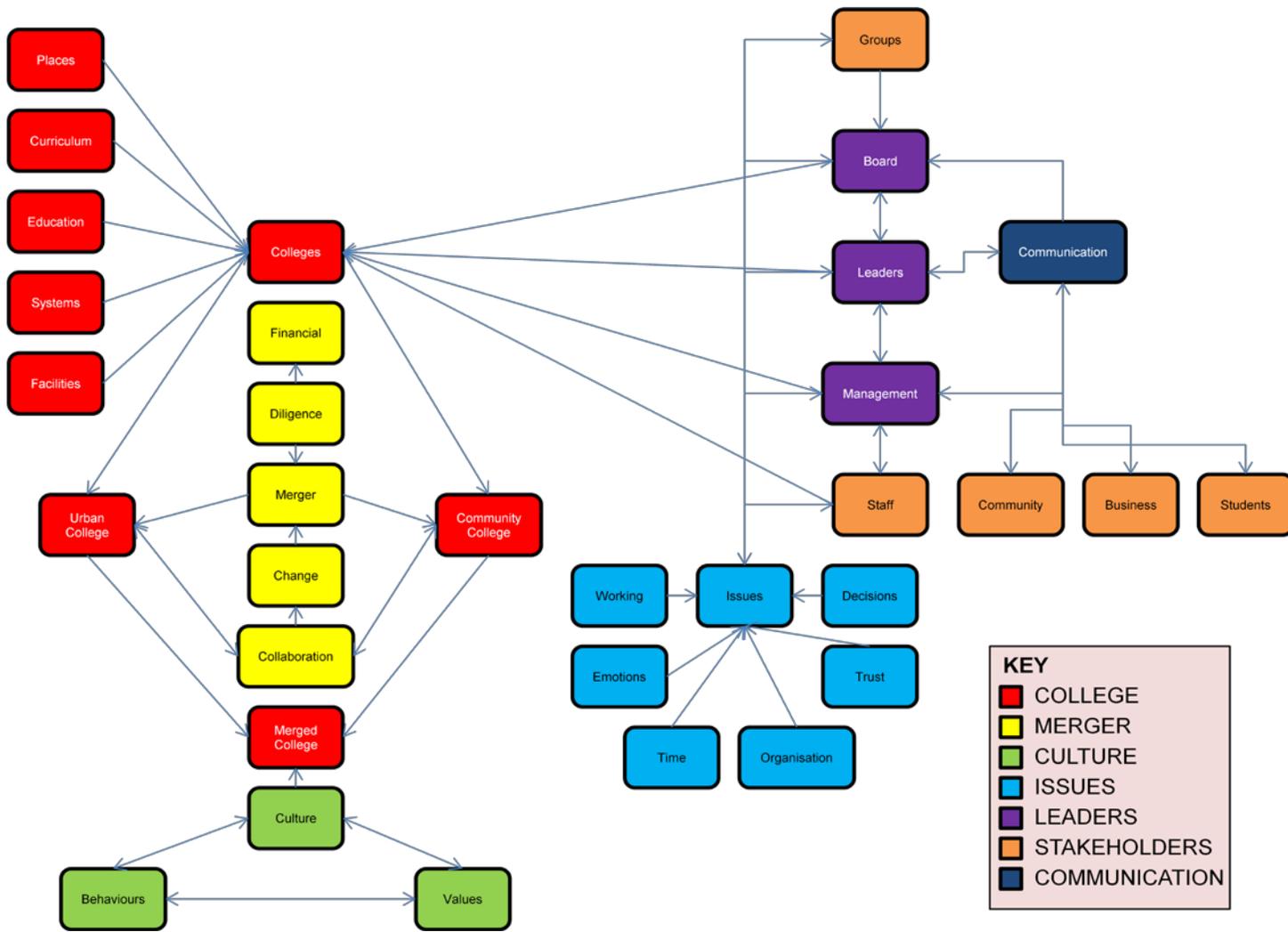
Section 4: Culture

This final section will look at the **cultural** aspects of the merger and will compare the **values** and **behaviours** exhibited within this merger process with the recommendations made in the literature. It will make mention of respondents' lack of use of the terms values and behaviours, but how they did talk about the '**college feel**' and a '**community**'. The section will also address how **change** was handled in this merger and the **emotional** effect that it had on the staff of UC, CC and MC.

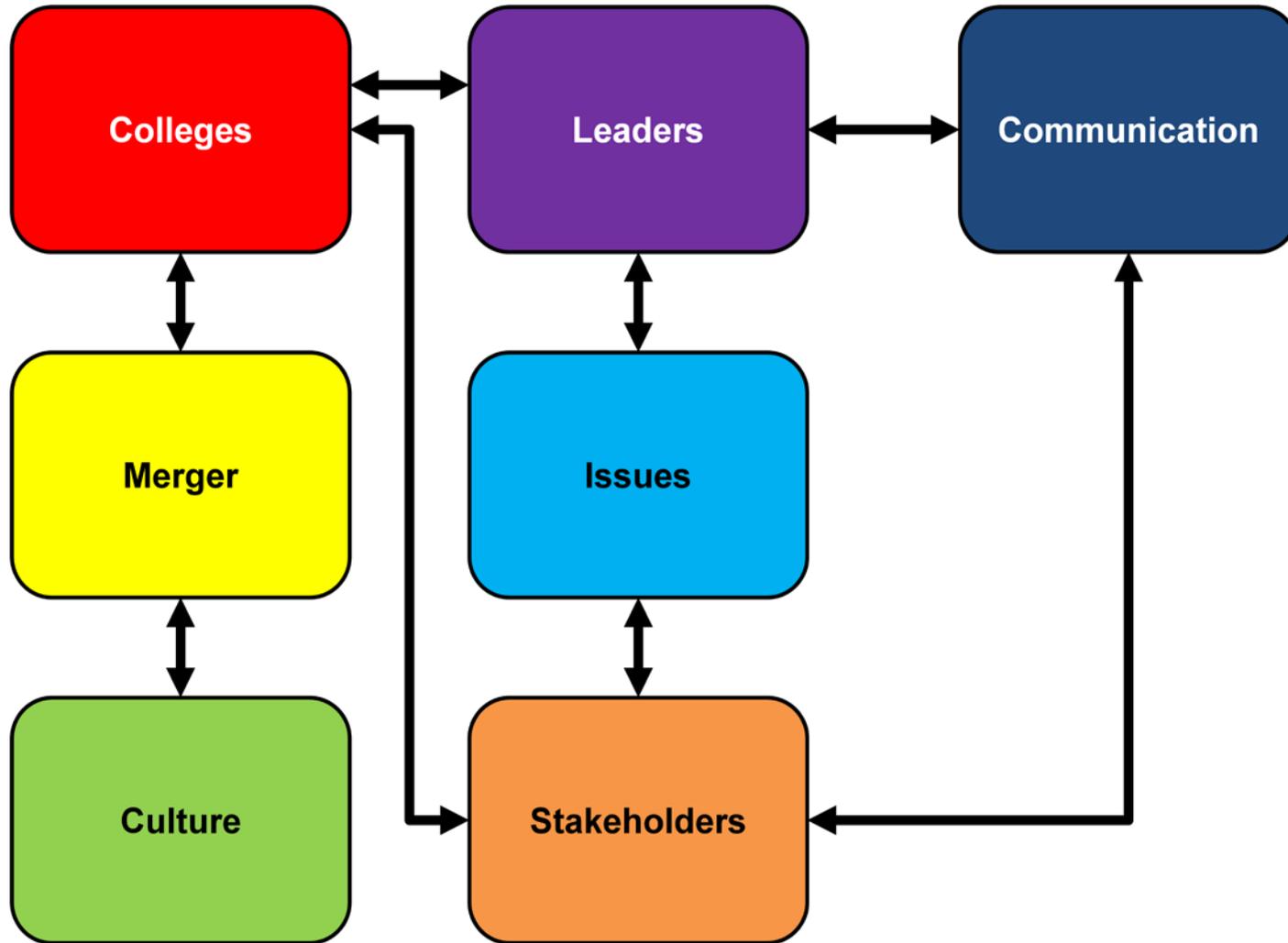
Appendix 15 Initial Conceptual Model



APPENDIX 16 Conceptual Model - Identification of Themes



APPENDIX 17 Simplified Thematic Model



BUSINESS SCHOOL RESEARCH & KNOWLEDGE TRANSFER ETHICS AND GOVERNANCE APPROVAL FORM

Section 1 – Research details

Name of researcher: **Colin Steen**

Student Matriculation number: **10022047**

Title of project: **Governance and Mergers in Scottish Tertiary Education**

Aim of Research: The research question has been formulated as follows:

‘What arrangements are made to conduct cultural due diligence in tertiary education mergers in Scotland?’

The Aims of the study are:

- **To investigate whether cultural due diligence is identified as a necessary stage in the planning of a merger;**
- **To ascertain whether cultural due diligence is conducted in mergers but institutions are unaware that they are conducting it, and**
- **To ascertain whether cultural merging activity is planned prior to merger.**

The Objectives of the study are:

- **To inform the conduct of the main study with one or more additional merged Scottish TEIs;**
- **To provide guidance and advice to Scottish TEIs considering merger on the importance of cultural due diligence;**
- **To suggest guidance on cultural due diligence activity, and**
- **To reflect on the guidance available to Scottish TEIs and whether**

it is deemed sufficient.

Details of the research methods to be used, please consider all of the following in your response:

The study will target two Scottish TIEs which have undergone merger in the last decade (i.e. 2002-2012). Research will be conducted by elite interview with those senior executives and governors who were involved in the preparation stages of merger and who will have had access to key knowledge and information regarding the institutions' cultural due diligence arrangements. Selection of respondents will be by purposive sampling (Saunders, Lewis, & Thornhill, 2009), and will be selected from the following groups, on the basis that they were involved, at a senior level, with the premerger stage of the TIE and should therefore be knowledgeable about the preparations and are able and willing to discuss them (Kumar, Stern, & Anderson, 1993):

- Vice Chancellor, Principal, or member of the senior executive (max. one respondent);**
- Chair and/or lay member, of the governing body (min. one, max. two respondents), and**
- Secretary of the governing body (max. one respondent).**

This will provide the researcher with a spread of respondents from both the senior executive and governing body of the TIEs, providing an opportunity to compare responses in order to analyse if there are common perceptions of reality between these respondents (Searle, 1996; Whyte, 1982). The Secretary to the governing body has been chosen to give a cross-cutting view, since they are usually a member of the senior executive team and will have attended most, if not all governing body merger planning meetings, in an advisory capacity in some respects and as an observer in others. As each of these respondents is in a senior position in the respective governance or executive roles (the Secretary having a foot in both camps), it is hoped that this may minimize informant bias caused by hierarchical differences (but it is acknowledged may also highlight some bias caused by the different view afforded from the executive or governance lenses) (Kumar, Stern, & Anderson, 1993).

It is proposed that semi-structured interviews (Saunders, Lewis, & Thornhill, 2009) be used with all respondents to provide a common framework. The interview process will be considered to be collaboration between interviewer and respondent, where the researcher will construct explicit accounts based on the respondent's experience and

knowledge (Knight & Saunders, 1999).

As a result of the pilot study and further reading, it is proposed that further questions will be added to the question matrix relating to the involvement and commitment of trades unions during the merger process. It is hoped that the response to these questions may assist in solving the apparent puzzle that educational mergers are much more successful than their private sector counterparts.

It is acknowledged that analysis of the interview data will involve the researcher in using judgment in reacting to complex and not-always clear responses to questions, both within the interview and in the post-interview processing and analysis phase (Knight & Saunders, 1999). The interview matrix will be amended subsequent to each interview as necessary.

From an ethical point of view, the study has been designed to minimise the chance of respondents being embarrassed, harmed or put at any disadvantage through the questions posed (Saunders, Lewis, & Thornhill, 2009). All individual and organisational data will be held securely and will be anonymised in accordance with Edinburgh Napier University's 'Code of Practice on Research and Knowledge Transfer Ethics and Governance'. In addition, each respondent will receive a written statement regarding the general aims and objectives of the study and will be asked to confirm in writing that they are willing to take part in the research. Records of consent will be held confidentially by the researcher in accordance with the Data Protection Act 1998 and the Edinburgh Napier University Data Protection Code of Practice. Respondents will be provided with written transcripts of their interviews and will be asked to change any aspect of the transcript they wish prior to its use as primary data.

One of the issues which arose from the pilot study was that the original question matrix (Appendix 1), while suitable for interviewing executive managers, was perhaps too operationally focussed in a few of the questions. A small number of questions (Appendix 2) were therefore revised in the governor's questions matrix. The proposed question matrices for both executive and governor interviewees are attached, incorporating the additional questions regarding the level of involvement and commitment of staff trade unions in the merger process (Appendix 3).

Who/what will be the research subjects in the research?

a. Staff/Students of Edinburgh Napier (please give details)

None

continue from section 2

b. Vulnerable individuals (please give details e.g. school children, elderly, disabled)

None

continue from section 2

c. All other research subjects (please give details)

Research subjects are identified in the section above.

continue from section 3

Section 2 – research subject details

Will participants be free NOT to take part if they choose?

Yes. Participants will be informed that they do not need to participate in the study and can withdraw at any time during the study.

Explain how informed consent will be achieved.

Potential participants will receive a letter outlining the research project, the data collection methods and the anonymising and security of data. In addition, participants will be advised that interviews will be recorded and a transcript of the interview will be provided to them for their comments, all of which will be incorporated into the final transcript prior to analysis.

Participants will be asked to sign a statement which will outline the above and will signify their informed consent to participate (and to withdraw at any stage).

Will any individual be identifiable in the findings?

No. It is intended that all individuals and organisations will be anonymised.

How will the findings be disseminated?

The findings will be contained within a DBA thesis.

Is there any possibility of any harm (social, psychological, professional, economic etc) to participants who take part or do not take part? Give details.

The research design has been formulated to minimise the possibility of harm to participants.

How / where will data be stored? Who will have access to it? Will it be secure? How long will the data be kept? What will be done with the data at the end of the project?

Data will be stored on a personal computer (PC) in the researcher's home and all files containing data which is capable of identifying an individual or an organisation will be password protected. Any interview recordings made will be transferred to the PC as soon as practicable after the end of the interview and the record of the interview will be deleted from the recording device.

Data will be accessed by the researcher only and will be used solely for the stated purposes of this research. The data will be retained until the successful completion of the DBA viva voce.

Any other information in support of your application

None

Continue to section 3

Section 3 – REG Advisors Approval

Delete as appropriate:

I approve this research / I refer this research to the FREGC (give reason for referral)

Name of REG Advisor

Dr Lois Farquharson

Signature of REG Advisor

Date

Signature of researcher/s to confirm understanding and acceptance of REG decision
Date
Section 4 – FREGC Approval
FREGC decision
Does this issue need to be referred to the UREGC? If YES Secretary to forward to UREGC Secretary for referral with any appropriate paperwork
Date actioned
Reason for referral
Signature of Convener of FREGC
Date
Date researcher/s informed of FREGC decision – include copy of email to researcher/s

	Question	Reason for Question	Comments
1	Tell me a little about the institution as it is now?	Introductory question to get the respondent to speak from a position of firm knowledge with no specific 'right' answer.	Question is intended to put the respondent at ease.
2	What were the aims and objectives of the merger?	Introductory question with a more specific aim of checking each respondent's recollection of the reasons for the merger.	This question should uncover the commonly held belief of why the merger was planned.
3	Which party initiated discussions about the merger?	Introductory question designed to indicate whether the merger was an acquisition by one party of another.	It is anticipated that one institution will have been regarded as taking over the other.
4	Did the merger idea come from the governing body initially or from senior management?	More specific question on the mechanics of the merger process which probes the relationship between governing body and executive.	It is anticipated that the original idea of merger emanated from the executive prior to discussion and agreement to merge by each institutions' governing body.
5	How quickly did both governing bodies agree to the merger?	Specific question about the timing of the merger which may prompt further questioning about the 'atmosphere' of the merger.	May indicate whether the merger was viewed as friendly or hostile.
6	Would you say the merger was friendly in nature or hostile or somewhere between?	Follow up to question 5 above to seek views on the attitude of the respondent to the merger.	Lead-in question to allow initial probing of the perceived respective cultures of the merging institutions.

7	Was financial due diligence undertaken prior to the merger agreement and did you use the services of an external body to conduct this?	Initial question to check if the respondent understands the 'due diligence' term and to check whether financial due diligence was conducted.	It is anticipated that most institutions will have conducted financial due diligence. The outcome of the due diligence is not of interest in this study – simply whether it was conducted.
8	Did you plan any events prior to formal merger that brought groups of staff together to discuss how the merged organization would function?	Initial question to probe whether some form of cultural 'mixing' activity was undertaken.	It is anticipated that meetings will have been held at senior and possibly middle organizational hierarchical levels to discuss systems and process merging, but with little activity at the lower levels to allow cultural mixing.
9	At what level did these meetings take place? Senior, Middle or Lower level?	Follow up question to probe the depth to which cultural mixing took place.	Again, it is anticipated that cultural mixing will have taken at the higher levels of the organisations.
10	Did the processes and procedures of one institution tend to dominate the merger process and post merger institution?	This question attempts to check if there was a dominant party in the merger.	It is anticipated that the culture of the dominant party would be most likely to become the culture of the merged entity.
11	Is the term 'cultural due diligence' familiar to you?	Initial question to check the respondents' understanding of the 'cultural due diligence' terminology.	It is anticipated that the answer to this question will be negative. If the answer is positive, then the respondent will be asked to detail what they understand by the term.

12	Do you think that this was conducted in this merger? If so, how and by whom? Was a cultural audit of both parties undertaken and did discussions take place regarding the desired culture of the merger institution. Do you feel it benefitted the merger process?	More detailed probing of the manner in which cultural due diligence was implemented.	This question attempts to understand the respondents' attitude towards cultural due diligence and the perceived effectiveness of the process.
13	Which culture do you think came to dominate the post merger institution?	This question again checks the respondents' view on the dominant party in the merger.	It is anticipated that the dominant party's culture will be adopted as the culture of the merged organization.
14	Were there any unexpected benefits from the merger?	This is an open-ended question intended to uncover any positive issues which may have emerged from the merger which were unanticipated.	The answer to this question may indicate emergent mechanisms which came about as a result of the merger, but which were not planned.
15	Were there any unanticipated problems with the merger?	Likewise, this is an open-ended question intended to uncover any negative issues which may have emerged from the merger which were unanticipated.	The answer to this question may help to indicate whether a lack of cultural due diligence created unanticipated problems in the merger process.

APPENDIX 2 - GOVERNOR QUESTION MATRIX – REPLACEMENT QUESTIONS 8, 9 & 10

	Question	Reason for Question	Comments
8	<i>What external influences did you have to cope with in the run-up to the merger? How did you cope with them? Was it solely a governing body issue, an executive issue or a bit of both?</i>	<i>Initial question to probe whether there was external influence in the premerger stage.</i>	<i>It is anticipated that the Scottish Government and the Scottish Funding Council will have had a locus in the merger preparations.</i>
9	<i>What were the transitional arrangements for the new governing body?</i>	<i>Question to probe how the final governance arrangements for the merged entity were arrived at.</i>	<i>It is anticipated that some sort of blending of the governing bodies will have taken place as a transitional arrangement.</i>
10	<i>How smoothly do you think the transition of the governing bodies went in terms of the merger?</i>	<i>This question attempts to check if there was a dominant party in the merger.</i>	<i>It is anticipated that the transition may have been less smooth if the merger was more of a takeover.</i>

APPENDIX 3 - ADDITIONAL QUESTIONS RELATING TO UNION INVOLVEMENT

	Question	Reason for Question	Comments
16	<i>Were the staff trade unions fully involved in the preparations for merger?</i>	<i>Initial question to probe the level of union involvement (If any) in the premerger stage.</i>	<i>Paper (XXXX) would indicate that union involvement in a premerger situation can assist in reducing employee stress levels by improving the frequency and accuracy of communications.</i>
17	<i>Were the staff trade unions consulted separately from staff and did they have a specific role to play in the merger preparations?</i>	<i>Question to probe how the staff and unions were viewed – as a collective, or as two separate entities?</i>	<i>This question will check executive/governor attitude to unions and staff – as a collective or ‘divide and conquer’?</i>
18	<i>How would you classify the level of commitment to the merger exhibited by the trade unions of both institutions? Was there a different approach by academic and support staff unions?</i>	<i>This question attempts to check if there was a dominance of academic or support staff unions or disengagement by any party in the merger.</i>	<i>There may be differences in engagement between academic and support unions and between the merger partners’ unions which might be informative.</i>

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APPENDIX 19 A Brief Timeline

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
First feasibility study conducted - merger discussions fail due to resistance from unions and Principal of CC									
Informal collaboration between UC and CC (mainly development of course materials and qualifications)									
				Joint Posts created (Finance, Human Resources, Health & Safety and management of Sport curricular area)					
				Joint Steering Group formed from members of both Boards of Management to oversee developing collaborations between CC and UC					
				Joint Engineering Facility created					
				Joint Business School created					
				Systems Harmonisation Group formed (Senior managers from both colleges come together to address how both colleges' systems could be developed to accommodate increasing collaboration)					
								★ Merger Decision	
								★ Shadow Board of Management Formed	
									★ Formal Announcement of Merger (Feb 2005)
								Systems Integration Groups formed to choose/create systems for MC	
								Stakeholder Engagement Work conducted to develop values for MC	
								Additional Marketing Post created to arrange joint social events	
								Joint staff social events arranged	
								Branding Agency appointed	
								Staff involved in stroyboarding and developing the new brand for MC	
									Original Merger Date (October 2005) ★
									Vesting Day (1 August 2005) to coincide with start of academic year ★
									UC Principal ★ retires
									CC Principal appointed as Principal of MC ★
									Shadow Board becomes Board of MC ★

All timings are approximate and are based on respondent data