Increasing the Competitiveness of Romanian Universities by Merging

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Abstract. The association of two or more universities has been used since ancient times, and although serving the same general purpose, the forms of association are different. Increasing the competitiveness of universities by merger should not be regarded as a minor issue but as an effect that can draw benefits in solving the real causes that produce these mergers. Enhancing the competitiveness of Romanian universities may be made by merger! This paper addresses this problem by searching and presenting arguments in favor of merging universities in Romania, the implicit decrease in the number of universities, focusing efforts to increase competitiveness. Beside the well-deserved growth of the prestige of Romanian universities, the benefits are many and some are presented in this paper. Obviously, any change in the institutional structure, including through the major action, which is the merger, may also have negative effects; the paper presents some of this aspects, critically.

Introduction

Higher education as a sector of activity and higher education institutions as organizations, were often presented as highly resistant to change [1], [2], [3]. The merger of higher education is defined as a series of agreements whereby two or more higher education institutions participating combine to form a new organization i.e. merger by pooling, or to reinforce an existing institution, i.e. merger by absorption [2], [3], [4]. Under these conditions, at least one institution, and potentially all participating institutions, should give up autonomy and acquire a new identity. All assets, liabilities, legal obligations and responsibilities of the merging institutions are transferred to the successor organization. Following these changes, the successor has only one organizational structure, a single governing body, and single legal personality. Many large and prestigious universities in the U.S., Asia and Europe have evolved from mergers, and in the last five decades, the merger has become an increasingly common phenomenon in many higher education systems around the world. In countries like China, Vietnam, South Africa, Australia, UK, Netherlands, Norway, Sweden and Hungary, governments have played an important role in initiating or encouraging mergers in order to rationalize the higher education system, awarding strong incentives for merger. Mergers, mainly implemented in order to address issues of financial and external threats, especially those of lower student demand, have profoundly changed the contours and landmarks of higher education in these countries.
Ways of Approaching University Mergers in Specialized Literature

Analyzing the literature of university mergers in the last 50 years, we can say that the merger is undoubtedly a radical and complex reorganization means that has features synthetically expressed by the following conclusions:

- The issues and concerns that have risen in all merger processes and the tensions generated in the dynamics of this process include, as the main reason for the merger, taking control and adopting the role of regional leader in the university sector; as a main staff response, concerns about loss of institutional identity and reputation, and difficulties in merging the different cultures, traditions, academic majors, surpassing the institutional framework of the actual merger [5], [6], [7];
- A natural explanation for the attitude of most analysts on mergers is that they generally believe that it is more advantageous than disadvantageous;
- The reasons invoked for a merger generally fall into two categories. One is that institutions merge in order to survive, i.e. the so-called "merger - rescue from bankruptcy" [8]. This kind of merger is generally determined by the financial problems of at least one of the merging partners. Another type of merger is regarded as a reciprocal increase (competitiveness, research directions, the impact on the market etc.). We believe, however, that the two directions cannot be separated, but only one’s composition for the other, on a case by case basis.

Hundreds of Years of Tradition in University Mergers

Hundreds of universities across the globe merged. Studies on these mergers are presented in the following works. One of the most startling announcements regarding a merger comes from the Netherlands: “Plans for three major Dutch universities to merge are opposed by more than half of their academics and students, according to a survey published on Thursday. The University of Leiden, Delft University of Technology and Erasmus University Rotterdam hope to collect more research money by cooperating intensively and may even merge in due time. But they face strong opposition. The survey shows that 61% of academics are against the merger. Only 7% of scientists and 10% of students think merging is a great idea.” [9]. The idea of mergers caught on in Russia as well, especially in order to place Russian universities higher up in the international hierarchy: “Recently, the Russian government announced far-reaching plans to support 15 leading research universities in their efforts to achieve international competitiveness and have an impact on global university rankings. Selected universities will receive special state grants for development after rigorous analysis of their current positions and in exchange for a number of institutional transformations in governance and academic systems. It is expected that at least five Russian universities will be among the top 100 in the world by 2018. These plans are consistent with preceding governmental efforts to restructure the higher education system and develop world-class universities through centralized state initiatives.” [10]. In China, the merger of universities was the most important tool used by the government to restructure the higher education system in the 1990s and 2000s. According on statistics released by the Ministry of Education, there were 424 mergers in the period from 1990 to March 2005 [11].

Short Presentation of Romanian University Education

The history of Romanian higher education is over 500 years old, the first universities were: Babeș-Bolyai University, Cluj- Napoca, 1872/1918; teaching existed in Cluj-Napoca since the Jesuits College, 1581. Currently, Romanian university education includes 56 state universities, 28 private universities accredited by ARACIS and 20 private universities with provisional authorization. These universities have included undergraduate degree programs, masters and doctorate according to the European Bologna system. Thus, for undergraduate studies, there are 14 main fields of Science, Art and Culture, 70 undergraduate fields of study and 308 majors, there are a large number of masters and doctoral schools for all fields of study [12]. The entire education process takes place under the
National Education Law no. 1/2011, is coordinated by the Ministry of Education and approvals of new undergraduate majors and masters are performed by ARACIS: The Romanian Agency for Quality Assurance in Higher Education [13].

History and Current Status of Mergers in Romanian Universities

Regarded as a first in Romanian higher education, the merger by absorption of the Technical University of Cluj Napoca with the former North University of Baia Mare is the only notable action in this regard [14]. Private higher education is also turning toward merger, in October 2013, there were negotiations between the management of “Petre Andrei” University in Iași and “Gheorghe Zane” University in the same city on the merger by absorption of the two private higher education institutions.

What to Expect from the Merger of Universities in Romania

There is a similarity of all aspects related to mergers between business firms and higher education institutions. Goedegebuure argues that it is true that businesses and higher education institutions operate in a different environment and under different conditions, but this does not mean that organizations in the two sectors have very different behavioral mechanisms [15]. Moreover, he observed a rising trend on the market and a rise in market-oriented behavior of higher education institutions in several countries, and considers it is risky to reject the actual existence of markets in higher education. Similarly, Brock and Harvey argue that there are significant similarities between universities and the business environment and suggest using corporate strategy in academic management [16].

However, in the business sector and in higher education, both researchers and practitioners have recognized that mergers have failed to live up to initial expectations [17]. Failure rates of mergers, in either case, represent a percentage as high as 50-75 [18]. The claim “once the merger is completed, its benefits will automatically follow” is far from the truth. Both scientists and practitioners recognized that mergers generally failed to live up to their expected potential [19]. Underfunding of higher education, which has the following main and direct effects:

a. A decrease in research in all areas, both in content and dissemination. Fewer Romanian academic researchers have what, how, with what to communicate research results, hence the continued decline of published articles, especially those that matter in academic hierarchy, e.g. ISI articles;

b. Almost permanent blocking (the last five years) of jobs, promotions; thus, the Romanian university environment is continuously aging.

c. Closing specializations with a small number of students - the current financing allows only the specializations which at least 30-40 students / year of study to “survive”;

d. The lack of investment blocks development - through a simple analysis of the budgets of local universities one can notice that staff salaries eat up almost the entire budget, leaving money for nothing else; this explains the first two statements, and the following;

e. Failure to pay certain activities, such as hours outside the standard basic hours, the so-called “hourly” schedule - results in free activities;

f. Blocking wage increases - affects all teachers, including academics. Romanian wages in this field remain very low, e.g. a junior assistant receives around 210 EUR per month and, at the other end, a teacher with over 40 years experience in the system, including bonuses, receives a maximum of 1,500 EUR;

Arguments:

1. Romanian Education Law no. 1/2011 provides for the allocation of 6% of GDP to fund national education, and for scientific research the allocation is a minimum of 1% of gross domestic product for that year. However, in 2015, education received only 3.7% of GDP!
2. Given that higher education funding is done per budgeted student, 2012 was the worst year for state funding. This year there was a record low of under 3,000 RON (715 EUR) per student. Under these conditions it is possible that small universities will reach a point where liquidation is the only solution (unless they are absorbed by larger universities).

3. The “lifeline” theory, a characteristic of mergers by absorption, appears to be the main reason for a university merger to occur. The management of a small university, without a tradition of hundreds of years to be defended, triggers the merger by absorption policy with a large university in order to ensure relative stability for some period of time, until the integration into the new organization. Obviously, the causes that could trigger such a process are the first two, previously mentioned.

4. Can “politics” or “policies” cause mergers? Obviously yes! China, Finland, USA are good examples.

5. The economic and quality advantage of university unions: they may impose a local monopolist control over higher education.

6. In order to save a school in a critical situation its academic community has to choose between one of the forms: Thematic association, Consortium, Merger by pooling, Merger by absorption, Decreasing costs through reorganization, eliminating unattractive specializations and some costs considered unnecessary. Keep fighting like "windmills" while requesting increased funding or, on a case by case basis, a combination of these means of survival and competitiveness. Although there is a common symptom, mainly due to the first two grounds stated here, common to all Romanian universities, we cannot create models.

7. One motivation for further mergers is the number of universities in Romania, which is said to be extraordinarily high in relation to the total population. Romanian universities, until 1985, had a large number of foreign students, but the language of study was Romanian. Students had to go through a preparatory year, while they learned Romanian. After that they entered into a current program with Romanian students.

Dependent on the strategic conditions, the objectives of the merger and the related integration projects, the need for structural integration, are different in each merger. The decisive factor in the post-merger integration, by "grouping" organizational units, seems to be choosing the association design [20]. For example, a merger following a conservation plan allows participating organizations to continue to operate independently after the merger and keep their own ways of doing business [20]. Therefore, it involves very small structural changes in both organizations. In a merger by absorption one of the merging organizations absorbs the other directly and assimilates it in its structure [20]. Post-merger integration involves fundamental demolition transformations of the old structure of the merging organizations and the creation of a new organizational structure [5]. For example, in one of the best known Chinese academic mergers, Zhejiang University, in order to achieve its strategic objectives of creating a comprehensive research university, adopted a strategy of fund integration, which required a complete integration of every element of the four merged organizations/universities participating [5]. Structural integration mainly involved designing new administrative and academic systems integrating the four institutions in the new systems. Administrative restructuring, after the merger, was largely a process of combining four similar units in one, for example, combining four personnel departments into one central staff department. The academic restructuring, however, was more complex. First, the new university had to decide how to organize programs in various schools and colleges and come up with an appropriate structure for power sharing between universities, schools and colleges, departments and programs. Then, the new schools and colleges had to integrate programs and departments on their own. Given the size and scale of the new university and the scale of the structural integration tasks, maintaining control over processes and outcomes was a big challenge [5]. Mergers produce radical changes in the lives of each of the organizations involved and can have a huge impact on the people in the organization. Their jobs, careers, income, and even their daily life may be affected. Attitudes and reactions can affect not only the post-merger organizational integration progress, but their identification with the new organization. The literature on human resource perspective suggests that mergers generate strong reactions among employees [20]. The
theme of this line of research is that “the human side of mergers” [20] is often neglected by the merger managers. The example shown, Zhejiang University, has other aspects that should give food for thought to those who prepare for one side or another of the “merger barricade”, such as personnel policy, i.e. that “human resource management” launched in very developed capitalist countries but also applied successfully in this case. Thus, Zhejiang University has adopted a number of specific measures to solve this problem, the downsizing due to or caused by the merger. Therefore, the four basic measures adopted were [5]:

1. Encouraging young workers to get promotions, to compete for positions, higher academic or research degrees,
2. Offering generous compensation packages for older workers,
3. Providing economic compensation to employees who were relegated through the merger,
4. If none of the three previous options were available or acceptable, the university guarantees the person’s reinstatement, helping him/her to find a job in the university or outside it.

As a priority action in the act of merger, the launch - from the beginning - of a unified set of procedures and policies on post-merger integration and operation of the new structure as a whole, is taken into consideration. Typically, there are three trends to creating the content of this new regulation:

1. Taking the regulations of the dominant institution, the one that absorbs the other participants
2. Processing all regulations of participating institutions and creating new rules
3. Adopting a modern regulation, based on international experience and international best practices, that caters to all participants and to national and to the global consensus trend of mergers.

These possibilities can also solve another big problem of the merger, namely to facilitate horizontal and vertical human interaction at all levels. Can college education be regarded as a “business”? Depending on the response we get we can draw some conclusions concerning all phases of the merger process. First, it was proved that university mergers show many of the characteristics of business mergers. Second, universities, especially public ones, have a market, a budget, general and specific costs, but unlike “business firms” their main purpose is not the existence and size of the profit (because even if it existed it would be reinvested in development and/or research, awards, etc.). The main goal is to permanently increase the quality of education, but without funds, subject to underfunding, this desire remains a future project. The conclusion is that higher education is not a “business”. Instead, we have to look at it like this: every penny has a known origin and an exact destination, how else can it be managed? Seeing things in this light, campuses and university cafeterias, educational spaces, gyms, insofar as they are not occupied with the current activities of the institution, could become profit centers. Universities, for the same purpose, can also increase revenue, organize training courses for adults, conferences and other events that bring profit. At the same time, reducing the overall costs, specific and uniform, must be a constant concern of the leadership of the new organization. Bottom line: university mergers should be seen as mechanisms that operate as a business with the purpose of better functioning and not necessarily of having a profit at the end of the year. In what concerns increasing global perception of a university, the degree of internationalization, there are possibilities of increasing study programs for foreign languages, especially English, but also the ability to revive the preparatory year of Romanian language, thus facilitating access to as many students from abroad as possible who would attend college in Romania.

Conclusions

If until five years ago the merger of Romanian universities was a development option that was not even spoken of, since the global crisis, due to survive-level funding, the process was activated. However, it apparently still has a very slow movement. Publicly announced intentions were many, some quite loud (Timișoara and Târgu Mureș university centers). There are also other discussions on this topic, still undisclosed, but the only notable materialized actions are ones in the military academic field and the case of the University of Baia Mare absorbed by the Technical University of Cluj Napoca. The literature on institutional mergers (for profit) is rich, analytical, mainly based on case study experience, a much smaller part referring to the merger of universities. However, the lessons
learned from the case studies presented for merged profit institutions have great applicability for university mergers.

References