

Consider Synergy Integration, Not Merger

Introduction

In the past few decades, higher education has experienced radical changes and the key obstacles encountered on this path are limited public funds and scarce private financial resources (Lesjak, 2018). The global economic crisis further impacts the higher education institutions. Thus, new and mixed financial resources and approaches to managing higher education institutions as well as appropriate policies and objectives are needed for higher education goals and missions to be attained more effectively (Babnik et al., 2014).

Merger is defined as 'any form of organisational combination or more specifically one or both entities will formally fade away and re-emerge as a new body (Ahmadvand et al., 2012). Whereas merger of entities within an institution refers to the combination of two or more separate institutions that surrender their legally and culturally independent identities in favour of a new joint identity under the control of a single governing body (Harman, 2002). As a result, merger process within an institution may lead to loss of previously efficient management process. In regard to this, there are numerous cheaper alternatives giving more immediate results. There has also been a decline in institutional sustainability across the nation evidenced by creative mergers between institutions and actual closings of institutions. Merging of two or more institutions that are doing similar activities may mean duplication and over capability within the institution which then may lead to retrenchments (Leslie, Abu-Rahma & Jaleel, 2018). In this sense, Harman and Harman (2003) pointed out that merger is not the only alternative, much less a panacea, when tackling the restructuring of higher

education systems. Thus, this paved ways for integration of institutions of which creates more synergy. Nonetheless, there are several organisation models for integration.

"Integration decisions are often justified by the synergies they created" (Hubbard, 2004), and is almost always about waste of intellectual resources, lack of focus, small activities and less impact and outcome. Integration is a term that creates a positive aura among those affected as opposed to merger. Arguably, merger would invoke resistance to change (Leslie, Abu-Rahma & Jaleel, 2018). Consequently, institutions would remain immobilised by practices and structures that are occasionally regarded as irrelevant, outdated, and costly (Watson & Watson, 2014). Whereas integration of higher education is defined as both academic affairs and all other organisational structures, processes, and strategic decision-making. These elements are conceptualised as an interdependent unified whole (Birx, 2019).

Integration in the context of higher education is a moot topic when universities are facing financial constraint (Leadbeater, 2019). In such situation, there is a need to be inclusive and actively dismantling academic silos (Agarwal & Dasika, 2018). Indeed, Pinheiro (2012) argues, a common rationale to adopt integration in higher education setting is primarily economies of scale in the academic and administrative spheres. However, as Liu, Patton and Kenny (2018) have highlighted, integration requires specific rules and condition to be met in order to achieve academic synergy and improved performance.

Why Synergy Integration

Synergy is defined as the interaction of elements that when combined produce a total effect that is greater than the sum of the individual elements (Cordero, Taala & Guerrero, 2018). Synergy can also be expressed as organisational integration, which can be a result of a “focused deployment of strengths and resources, matched with commitment and effort from personnel” (Saffold, p. 92). In integration perspective, this translates into the ability for a corporate combination to be more profitable than the individual parts of the combined institution. It is important to observe that organisational integration is not solely technical such as the coordination of objectives, policies, budgets, and activities, but it also necessitates a personal aspect.

Thus, synergistic integration is a better option to overcome issues relating to collaboration or merging of higher education institutions. If higher education is one of the engines of the economy and a key point to the ‘knowledge triangle’, then the productivity, quality and status of research produced by universities are vital indicators (Usaci, 2018). As stressed by Ursin et al. (2010), merging of institutions may create a synergy and perform well.

Synergies can broadly lead to greater market power, production, administrative efficiencies as well as reduction in the cost of capital (Chatterjee, 1986). It is important to execute an idea where synergies can take place and at the same time to try to quantify the synergies as much as possible.

The Synergy Integration Model

Figure 1 below shows the proposed synergy integration model. The model covers three main aspects: (1) the mechanisms involved at national and institutional levels; (2) academic and research practices; and (3) administrative routines of the centres. The four variables as part of the dimensions that need to be analysed and reviewed are: (a) leadership/intellectual efficiency; (b) cost efficiency; (c) inclusivity; and (d) working in silos. These four dimensions are the advantages in implementing the integration process towards a synergistic integration of centres or institutions.

Leadership/Intellectual Efficiency

Leadership in academic is mainly related to the practical skills of an organisation or an individual guiding a stream of followers (i.e., academicians and team members) and to take actions that have a considerable effect on the outcomes of an

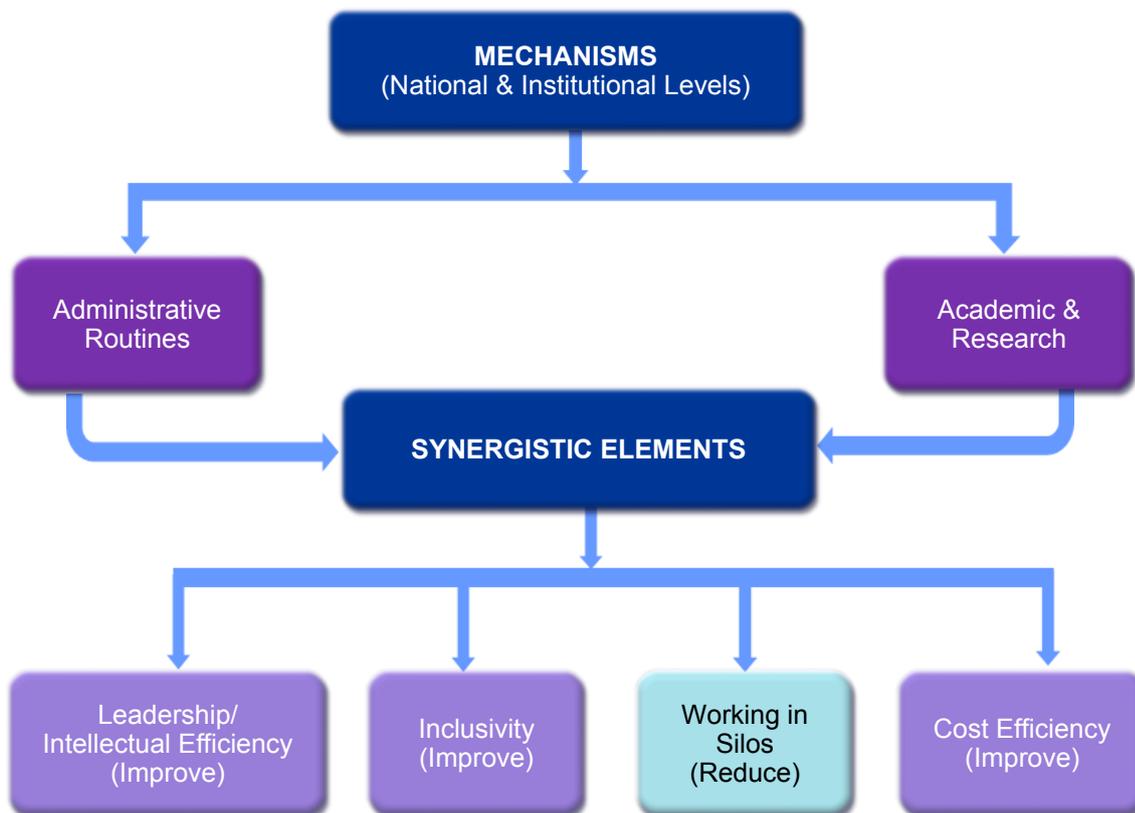


Figure 1: Synergy Integration Model



organisation (Wiersema & Bantel, 1992). There are many leadership styles that have been adapted by higher education including transformational leadership, transactional leadership, situational leadership, collective leadership, and servant leadership (Nasereddin & Sharabati, 2016). In addition, leadership with intellectual efficiency refers to the personality of human which includes being intelligent, focused, insightful and highly motivated (Furnham & Moutafi, 2012). Thus, intellectual efficiency can therefore be conceived as a self-estimation of intelligence (Furnham, 2001).

Cost Efficiency

The most positive and evident result of integration process was the combined financial strength of several higher education institutions, of which prior to the process seemed to be an issue (Leslie & Jaleel, 2017). From their research, Leslie and Jaleel (2017) further added that the most successful outcome from merging was the financial gain for both institutions, where after merging, the university seemed to be in better state financially than either institution would have been on its own. In addition, the integration process allows institutions to eliminate redundant administrators as well as their staff and leverage scale in order to reduce the aggregate costs of administrative service and infrastructure (Azziz et al., 2017). The costs saved, particularly those stemming from reductions in administrative staff, are actually relatively small. It should be noted that in negotiations and procurement, bigger is usually better.

Inclusivity

Other than empowering change, inclusivity in higher education can also support personal and professional development. Inclusivity within higher education environment is defined as the engagement with diversity in the service of learning and knowledge development, throughout the educational experience and by all members of the campus community (Clayton-Pederson et al., 2009). Drawing primarily on the Australian merger experiences as well as observations made from other countries, Harman (2000) identified that inclusivity encompasses processes of consultation with all staff, management and to some extent students, as well as staff in planning. This integration had contributed to successful mergers. Researchers (Steffen, 2001; Castles, 2002) suggest that in order to ensure the desired

message gets across to all people in the merged institutions, communication strategies need to be developed which include the practice of inclusivity and frequent communication using credible communicators. This entails efforts to ensure integration and minimise conflicts among people.

Working in Silos

Although synergy and collaboration are terms often propagated in the higher education scene, it is undeniable that there are some centres – though integrated – would probably still work in silos, being selective on what and which to collaborate. Working in silos is an attitude found in organisations that occurs when several departments/groups are unwilling to share knowledge and information with that of others, even of people within the same organisation. This circumstance not only reduces efficiency and can be a contributing factor to a failing corporate culture (Investopedia, 2015), the “silo effect” will drag the productivity of any organisation and this particularly refers to a lack of communication between departments or organisations among quadruple helix (Craft, 2006). Furthermore, in most business settings, silo mentality can be in the form of resisting interdepartmental interaction which can inhibit free-flowing communication. One perspective as to why higher education practises working in silos is to stay focused in one space, however too often this practice ignores the interdisciplinary opportunities of which the result portrays a misalignment of university goals and priorities.

Conclusion

The decision to integrate any institutions or centres is never easy, and the process is nearly always painful and costly. However, integration strategy is vital and should be proactively considered by many higher education institutions. Although it is a tough challenge and great responsibility carried by the leaders of HEIs, this leap of faith may provide a positive outcome. Thus, the integration model proposed in this paper could be given considerations to provide better synergy in terms of academic, research, and administration. The four dimensions which are leadership/intellectual efficiency, cost-efficiency, inclusivity, and working in silos will be improved as a result of the integration process. Thus, these four areas need to be given full considerations for sustaining the growth and success in the future, especially in higher education.



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