

# **Taking Stock Thirteen Years Later: An Investigation into the Impact of Mergers on Institutions in the Higher Education Landscape in South Africa**

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## **Abstract**

This article intends to investigate the post-merger impact of the merged institutions and the lessons learnt in the higher education landscape in South Africa. This article will focus on the following questions: Who initiated the mergers and the effects thereof? How were the mergers constituted? What are the successes and the challenges that the merger process experienced according to literature. The article used content analysis of available literature in relation to mergers in South Africa dating from 2002 until 2014. The paper concludes that there are more failures than success stories in relation to mergers in higher education in South Africa. The post-merger phase in South Africa has taken longer than anticipated. Some institutions merged successfully, with some unable to successfully go through the merger stage itself, some have de-merged whilst others have been put under administration as a way to avoid a de-merger. This implies that there have been both positive and negative impacts of mergers in South Africa. There have also been lessons learnt from the literature in terms of the aspects which can affect mergers such as organisational culture, impact on the human resources, curriculum and quality assurance amongst others.

**Keywords:** post-merger, merger successes, merger failures, merger challenges

## **Introduction and Background**

Many countries have been affected by mergers which are mostly common in

the private sector. Mergers and acquisitions play a significant role in the industrial sector of any economy (Muninarayanappa & Amaladas 2013). In the education sector, drivers for mergers have been many and varied in various countries and some of these drivers include the following:

- Increase efficiency and effectiveness, especially in coping with rapid and substantial growth in students numbers which in turn brings heavier demands to institutions;
- Dealing with problems of non-viable institutions and institutional fragmentation;
- Widening student access and implementation of more broad scale equity strategies;
- Differentiation of course offerings to cater for greater student diversity and to improve the quality of graduates. 
- An increase of government control of the overall direction of higher education systems especially to ensure that higher education institutions serve more directly national and regional economic and social objectives. (Harman & Meek 2002: 1) 

In the South African situation, the rationale for mergers or incorporation of colleges into universities was led by the quest for the post-apartheid government to rid the education system of the apartheid past (Sehoolle 2005). In addition, Jansen (2002) purports that there was a past to be resolved through the creation of a single, co-ordinated system of higher education that purposively dissolves the racial inequalities that exist among institutions. There was also another motivation for mergers which was the need to incorporate the South African higher education system within the fast-changing, technology-driven and information –based economies described under the rubric of globalisation (South African Students Congress (SASCO) 2009).

Therefore, this article seeks to answer the following questions: who initiated the mergers in the South African higher education landscape and the effects thereof? How were the mergers constituted? What are the successes and the challenges that the merger process has experienced according to literature.

## **Problem Statement**

The South African Higher Education System underwent a restructuring process

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of merging universities, technikons, faculties and colleges during the period 2001 to 2007. According to Paul and Berry (2013), mergers are a significant life event for both the organisation and its employees. As a result, mergers have an impact on both the people involved in the merger and the merging institutions as entities. There have been various challenges, disappointments, arguments and unfulfilled promises to both employees and institutions involved in the mergers.

This assertion is supported by various studies which focused on the impact of *mergers on employees*; these studies focused on the following variables: human resource competencies (Schultz 2010: Arnolds, Stofile & Lillah, 2013); conditions of service, harmonisation of salaries, new organisational structure and staff equity profile (Nel & Stumpf 2007); importance of executive leadership (Paul & Berry 2013); racial differences (Robus & MacLeod 2006); job satisfaction, job security and employment relationships after the merger (Linde & Schalk 2006); and staff perceptions with regards to the merger (Hay & Fourie 2002). In addition, mergers also have an impact on the *merged organisations* and the following studies have been conducted in South Africa: Goal clarity, trust in management and perceptions of organisational readiness (May & Mason 2007); development of identity of the merged institutions, the branding and the positioning of the new entity (Bresler 2007) and the political role in mergers (Jansen 2002).

On the other hand, there have been a few success stories in the mergers in South Africa in terms of transformative legislation which improved access to higher education for the previously disadvantaged communities; a differentiated system constituting of universities, universities of technology, comprehensive universities and others, a more diverse student body including international students; national quality assurance framework and a new goal-oriented funding framework through the National Student Financial Aid Scheme (SASCO 2009).

The next section will discuss the theoretical framework linked to the article.

## **Theoretical Framework: Systems Theory**

In South Africa, the transition from an apartheid state to a post-apartheid democracy created conditions for fundamental changes to all levels of

education including higher education. In February 2001, the South African Cabinet approved the National Plan for Higher Education (Ministry of Education 2001). Subsequently, the National Working Group appointed to act as an advisory committee to the Minister of Education, proposed the reduction of the number of higher education institutions from 36 to 21 through mergers and incorporations (Ministry of Education 2001). Mergers are an attempt to overhaul the entire education system as part of the broader national reform movement aimed at overcoming inequities and polarisation caused by the apartheid regime. As Sedgwick (2004: pages unnumbered) states:

For more than 40 years, the country's majority black population chafed under a system of racial separation that bolstered white supremacy and denied blacks the right to vote, access to free basic education and freedom of movement.

As a result, the first mergers took place from 2004. Unlike in countries such as Australia whereby institutions were merged in order to increase efficiency, in the South African situation, mergers were driven more by political change aspirations rather than on efficiency (Arnolds *et al.* 2013). The consultation process for mergers was very short and the process did not follow through the steps and checklists of issues to be considered in mergers. This is where the systems theory comes into place. According to Lazslo and Krippner (1998), systems theory is a trans- disciplinary article of abstract organisation of a phenomena and it attempts to view the world in terms of irreducibly integrated systems. It focuses on the whole as well as complex interrelationships among constituent parts. In the case of mergers, the constituent parts include the staff members, management, students, infrastructure, funding, institutional culture and many more.

## **Research Methodology**

This article has utilised a content analysis of the available literature on mergers in the South African context in the form of an in-depth article and analysis of the content of these articles in relation to the effects of mergers on management and staff. Welman, Kruger and Mitchell (2005: 221) define content analysis as 'a qualitative analysis of qualitative data'. The basic technique involves

counting the frequencies and sequencing of particular words, phrases and concepts in order to identify key words and themes. Babbie and Mouton (2012: 491) define content analysis as:

a research method which examines words or phrases within a wide range of texts including books, book chapters, essays, interviews, speeches and informal conversations. By examining the presence of repetition of certain words and phrases in these texts, a researcher is able to make inferences about the philosophical assumptions of a writer, a written piece, the audience to which the piece was written and even the culture and the time in which the text is embedded.

For this article, the author analysed 30 articles which were published between 2002 and 2013. The focus of these articles was on the effects of mergers on management, merged institutions and staff members of the merged institutions. The articles were classified according to the content that they dealt with. The following issues were prominent in terms of the effects on *employees*:

1. Political role of government in the mergers (Jansen 2002; Schoole 2005).
2. Racial implications such as white excellence and black failure (Robus & MacLeod 2006).
3. Readiness of the institutions to merge and succeed in the merger (May & Mason 2007).
4. Conditions of service, harmonisation of salary scales and staff equity profiles (Nel & Stumpf 2007).
5. Psychological experiences of staff in terms of job security, job satisfaction, etc (Hay & Fourie 2002);
6. Human resource motivation (Ramdhani & Nkoane 2010).
7. Employment relationships in the merged institutions (Linde & Schalk 2006).

The following issues were raised in the literature with respect to the *merged institutions*:

1. Quality assurance – whose quality standards will be used in the merged institutions (Kistan 2005).

2. Development of the institutional identity of the new institution; image as an indicator of quality and reputation (Bresler 2007).
3. Designing a new organisational culture (Nel & Stumpf 2007).
4. Resultant curricula of the merged institutions (Mfusi 2004).

The following issues were raised in the literature in terms of *the management* of merged institutions:

1. Goal clarity and trust in management (May & Mason 2007).
2. Effectiveness of executive leadership to create a post-merger organisational culture (Paul & Berry 2013).
3. Strategic management, organisational commitment and merger goals.

The literature has indicated that there are more articles written on the effects of mergers on the staff of the merged institutions. The next section focuses on who initiated the mergers in South African higher education.

## **Who Proposed the Mergers in South Africa Higher Education?**

In the case of South African mergers, the mergers were initiated by the government through then Ministry of Education. The merger process followed the following chronology:

1. Promulgation of Education White Paper 3: A programme for Transformation of Higher Education – 1997.
2. Promulgation of Higher Education Act – 1997.
3. The then Minister of Education, Prof. Kadar Asmal prepared a document called Call for action: mobilising citizens to build a South African education and training system for the 21st century – 1999.
4. Appointment of Task Team working with the Council for Higher Education – 1999.
5. The Task Team released the following documents in 2000 – *Towards a framework and strategy for reconfiguring the higher education system in South Africa* and *towards a new higher education landscape: meeting the equity, quality and social development imperatives - 2000*.

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6. Promulgation of the National Plan for Higher Education – 2001.
7. Approval of the restructuring process by Cabinet in November - 2002.
8. Ministry of Education developed guidelines for mergers and incorporations – 2003.
9. The Minister of Education wrote to the Councils of affected institutions requesting that they indicate by no later than June 2003 their preferred name of the institution, preferred official address, preferred date of the establishment of the new institution and nominees for appointment of the interim council.

As noted above, the merger process was championed by the Ministry of Education and government agencies such as the Council on Higher Education. There was a sporadic instance of consultation but it was not enough. As Kistan (2005) puts it, the challenge of merging Institutions, especially when instituted by an external agency can become complex and unpredictable. Botha (2001) adds that most higher education institutions did not have a choice of their merger partner. The Guidelines for mergers and incorporations (Ministry of Education 2003) had an appendix 1 entitled ‘restructuring proposals and new institutional landscape’ which listed all the mergers and incorporations in 2004 and 2005 with no further accompanying detail in terms of the merging process.

Skodvin (1999) differentiates between forced mergers and voluntary mergers. Voluntary mergers are defined as mergers whereby the institutions themselves have initiated the mergers, whilst a forced merger is when the instigator of the merger is external to the institutions (Skodvin 1999; Botha 2001). Another scenario is whereby an institution is not given a chance to choose their merging partner and as Skodvin (1999: 70) states, ‘the degree of voluntariness on the part of the institutions also plays part in mergers’. International experiences have shown that voluntary mergers are usually more successful than forced mergers, for instance, mergers in countries such as the Netherlands, Finland, Norway, Australia, UK and Canada are good examples (Harman 1996; Harman & Meek 2002). The next section discusses different types of mergers to shed light on how the mergers in South Africa were conducted.

### **Merged Institutions in South Africa**

Mergers and acquisitions are more common in the private sector. According to

Weber, Tarba and Oberg (2014), mergers refer generally to a merger between equals, and acquisition refers to a situation in which the management of the acquiring company controls the acquired company. Botha (2001) mentions that there are various forms of mergers which include the following: *a merger or an incorporation* which is a combination of two firms into a single firm; *consolidation* which is a combination of two or more firms to form a completely new corporation; a *take-over* which is a hostile merger.

The Minister of Education announced the Government’s final proposals for the restructuring of higher education sector on 9 December 2002 (Ministry of Education 2003). The announcement reduced the number of higher education institutions from 36 to 21 through mergers and incorporations. Table 1 illustrates how the university mergers were configured:

**Table 1: Merger and incorporation configurations for universities**

<b>Institution 1</b>	<b>Institution 2</b>	<b>Institution 3</b>	<b>Merged institution</b>
1. Potchefstroom University of Christian Education	University of the North West	Sebokeng campus of Vista University	North West University
2. University of Natal	University of Durban-Westville		University of Kwa-Zulu Natal
3. University of Pretoria	Vista University – Mamelodi campus		University of Pretoria
4. University of the Orange Free State	University of the North – Qwa-Qwa campus	Vista University – Vista campus	University of Free State
5. Rand Afrikaans University	Vista University - East Rand campus	Vista University – Soweto campus	University of Johannesburg

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6. Dental Faculty of University of Stellenbosch	University of the Western Cape		University of Western Cape
7. University of Fort Hare	Rhodes University – East London campus		University of Fort Hare
8. University of Port Elizabeth	Port Elizabeth Technikon	Vista University - Port Elizabeth campus	Nelson Mandela Metropolitan University
9. Medical University of South Africa	University of the North		University of Limpopo
10. University of South Africa	Technikon South Africa	Vista University Distance Education campus	University of South Africa
11. Johannesburg College of Education	University of Witwatersrand		University of Witwatersrand
12. Giyani College of Education	University of Venda		University of Venda

*Source: Ministry of Education (2003)*

According to table 1, the mergers and incorporations of the various institutions took different routes and paths. The configurations were as follows:

- a) Mergers between *a university and another university* like in the case of the University of Kwa-Zulu Natal and the University of Limpopo;
- b) Mergers between a university and a campus or faculty of another university such as in the case of the University of Pretoria, University of Fort Hare and the University of the Western Cape;
- c) Mergers between *a university and 2 other institutions* such as another university, a technikon, a campus of another university or a college such as North West University, University of Orange Free State,

University of Johannesburg, Nelson Mandela Metropolitan University and University of South Africa;

- d) Merger between a university and a college like in the case of the University of Witwatersrand and the University of Venda.

From the above discussion, it can be seen that the mergers did not have a specific formula as to ‘which merger partner would be more suitable’? The then Ministry of Education issued an instruction on which institutions or parts of institutions would merge with which institution. The mergers were involuntary as they were driven by an outside forces and mostly horizontal in nature (Harman & Meek 2002). According to Botha (2001) Gitman (2001) and Greengard (2007), the type of a merger determines the outcome of the final product, whether the merger will be successful or not. Table 2 discusses the mergers involving the technikons.

**Table 2: Merger and incorporation configurations for technikons**

<b>Institution 1</b>	<b>Institution 2</b>	<b>Institution 3</b>	<b>Merged institution</b>
1. Pretoria Technikon	Technikon Northern Gauteng	North West Technikon	Tshwane University of Technology
2. Cape Technikon	Peninsula Technikon		Cape Peninsula University of Technology
3. Technikon Natal	University of Zululand, Umlazi campus	ML Sultan technikon	Durban Institute of Technology
4. Vaal Triangle Technikon	Vista University, Sebokeng campus		Vaal University of Technology
5. University of Transkei	Border Technikon	Eastern Cape Technikon	Walter Sisulu University of Technology

*Source: Ministry of Education (2003)*

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According to Table 2, the mergers for the 4 universities of technology also followed the pattern that the universities took to a certain extent. The configurations were as follows:

- a) Merger between 3 technikons such as in the case of Tshwane University of Technology;
- b) Merger between two technikons to form the Cape Peninsula University of Technology;
- c) Merger between two technikons and a university campus to form the Durban Institute of Technology and Walter Sisulu University of Technology.

Tables 1 and 2 draw a clear picture of how the mergers in the South African higher education were configured. According to SASCO (2009), universities and technikons had a similar framework under the auspices of the Ministry of Education, they nevertheless had distinct functions with the universities' role being a mixture of research and teaching while technikons focused primarily on career preparatory and technologically oriented education. This implies that the mergers in Tables 1 and 2 in some cases involved institutions which did not have the same strategic focus.

Lastly, the University of Cape Town is the only university which was not involved in the merger process. The universities of Zululand, Rhodes, Stellenbosch and Mangosuthu University of Technology had a faculty or campus taken away and merged with other institutions. However, they retained their status as unmerged institutions. There was also a merger of the Veterinary faculty of the University of Pretoria and MEDUNSA which took place in 2002.

Various authors have raised concerns in terms of mergers which include entities which do not have the same strategic focus, such as in the case of universities and technikons (Drowley Lewis & Brooks 2013; Ripoll-Soler & de Miguel-Molina 2013; Weber Oberg & Tarba 2014). The next section focuses on two case studies of the merger between the University of the North and MEDUNSA before the unbundling process in 2015. The second case study will focus on the merger involving the University of Transkei, Border Technikon and Eastern Cape Technikon to form the Walter Sisulu University of Technology. 

### ***University of the North and MEDUNSA Merger: ‘A Failed Marriage’***

In 2005 during Minister Kader Asmal’s sweeping reconfiguration of the higher education system, MEDUNSA was merged with the University of the North some 300km plus away to form the University of Limpopo. The two main policy documents which orchestrated the merger process did not explain the rationale for the merger nor any other merger in tables 1 and 2. The two documents are the National Plan for Higher Education (Ministry of Education 2001) and the Higher Education Restructuring and Transformation: Guidelines for mergers and incorporation (Ministry of Education 2003). The Guidelines for mergers and incorporation had a list of mergers and incorporations of the institutions as an Appendix 1 to the document. The list was produced by the Council on Higher Education’s (CHE) Task force which was put in place by the then Minister in 1999. There was no extensive consultation of the institutions themselves except that the National Plan for Higher Education (Ministry of Education 2001: 6.4.1, citing the Council on Higher Education 2000) made it clear that ‘no public institution should believe that it is exempted from combination, from the need to change fundamentally and from contributing to achieving a new higher education landscape’. Therefore, all the institutions waited for instructions on when to merged and how. The Ministry of Education provided guidelines which institutions could use to guide their own processes.

As Ncayiyana (2011: 1) puts it, ‘the merger raised many eyebrows and was widely seen as irrational and ill-conceived. Indeed the arranged marriage seemed to be extremely difficult with too many irreconcilable differences’. Phakathi (2013) points out that the merger was met with scepticism among various stakeholders and the government set up a task team to review the issue in 2010, which is five years after the merger. According to the Task Teams report, the Limpopo health department, students and other university employees were opposed to the continued relationship with MEDUNSA. The report further stated that the only benefit which MEDUNSA got from the merger was the R50 million subsidy it received from the University of Limpopo (Sidimba 2011). The challenges which plagued this merger were as follows:

- After the merger, the number of medical graduates dropped from 200 to 134 in 2011 (Sidimba 2011);

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- This divorce would be complex and costly and would require a carefully planned and soberly managed transition particularly with regard to the untangling of governance and financial interdependencies, the setting up of new administration and the re-ordering of systems such as Information and Communication Technology (ICT), academic regulations and staff conditions of service (Ncayiyana 2011; Phakathi 2013);
- In 2011, MEDUNSA had 3500 students which made it the smallest university in South Africa. This situation implied that its funding formula had to be different from the existing funding formula whereby students were funded according to their student intake, their graduation output, research output and other variables. Therefore, there was a looming threat to its financial sustainability after the de-merger;
- The Task team also made startling revelations in the sense that neighbouring universities of Tshwane and North West were not keen to merge with MEDUNSA. MEDUNSA staff also opposed the merger with the University of Pretoria which had a medical faculty, mainly because the previous merger of their veterinary faculties impacted negatively on producing black veterinarians earlier on (Sidimba 2011; Phakathi 2011).

Therefore, the question is, where to from here? On the 16<sup>th</sup> May 2014, the Minister of Higher Education, Dr. Blade Nzimande gave a media statement that Government had attained an important milestone on its journey towards establishing a new health and allied sciences in Gauteng province (Department of Higher Education and Training 2014). When he made this announcement there was a commitment from the Department that it would open the doors for learning at the beginning of 2015 academic year. The new institution is called Sefako Makgatho Health Sciences University and the department has appointed its interim Council already. This statement confirmed that a new institution is on its way to being established to replace MEDUNSA.

The new institution is already dodged with speculation of problems already. Ncayiyana (2011) lists the following eminent problems:

- The new institution must mitigate its funding conundrum by broadening the spread of its offerings in the health sciences, increasing

student intakes across all professional programmes, significantly improving its research output and increasing its postgraduate capacity;

- Another catch lies in being able to attract and retain staff with solid academic and research credentials;
- Student boycotts and strikes have been a ritual at MEDUNSA; therefore, the new institution has to agree on institutional hierarchies and boundaries, and agreed protocols for disputes;
- The new institution has to start with a new lease of life by a series of stakeholder engagements, critically review the past and sketch the future.

In conclusion, the discussion above depicts a picture of a failed merged  how the government saved the situation. The new Sefako Makgatho Health Science University started operation in 2015. The University of Limpopo also proceeded to operate on its own after the demerger.

### ***The Case of the Walter Sisulu University: ‘A False Start’***

Walter Sisulu University (WSU) was established as a comprehensive university on 1 July 2005 through the merger of the Border Technikon, the Eastern Cape Technikon and the University of Transkei. It offers tuition on four campuses—Mthatha (its administrative seat), Butterworth, East London and Queenstown - with eleven delivery sites covering a radius of approximately 1000km (CHE 2011). In 2011 which is 5 years after the merger, the university was declared ‘technically bankrupt’ by the Minister of Education, Dr. Blade Nzimande. As Davis (2013: 1) puts it ‘from the get-go, the university was beset with problems: lack of infrastructure, too few quality lecturers and reportedly more students than its government subsidy. By November 2011, the Minister of Education appointed an administrator for 24 months (November 2011 until November 2013) named Prof. Lourens van Staden, to address the situation. Amongst the problems which were identified by the administration team were that the universities’ salary bill took 80% of the university’s funds whilst the salary bill for other universities is around 55% - 62%, their graduation rates were the lowest in the entire country whilst its employees were the highest paid in the country and the province (Skinner 2011). In addition, some of the problems included the following:

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- The merger was set up to fail because the process was underfunded by government;
- Before the merger, the University of Transkei was at the brink of being closed down by the former Minister Prof. Kadar Asmal – there was an exodus of highly qualified lecturers and it was merged whilst crawling on its knees (Ngcukana 2013).

As a result, the merged university started on a deficit and was running on an overdraft for some time. As Ngcukana (2013) puts it at one point, the institution had 27, 000 students whilst it had a subsidy for 18, 000.

By June 2013 the administrator had stabilised the situation at the university by achieving the following: Student debt had been reduced from R271 million to R40 million, all creditors were paid off, staff salaries were secured, backlogs were cleared, break-even budget was tabled for 2013 and staff's salary bills reduced to 75% (Davis 2013). By 23 November 2013 the Minister of Higher Education increased the term for the administrator with 6 more months so as to afford him a chance to finalise the work (Department of Higher Education and Training 2013).

The administrator's contract ended on the 30<sup>th</sup> April 2014.  Now the university is being run by its own management and it is a situation of 'wait and see' for now. The next section discusses some successes achieved with regards to the mergers.

### **Successes in the Merged Institutions**

According to SASCO (2009) the following successes have been achieved with regards to mergers in the South Africa higher education landscape:

1. Transformative legislative and policy frameworks which promote access to higher education;
2. The foundations have been laid for a new higher education landscape constituted by a single, co-ordinated and differentiated system constituting of universities, universities of technology, comprehensive institutions, contact and distance institutions and various kinds of colleges;
3. There has been a welcome internationalisation of student body overall and at various institutions;

4. Teaching and learning, community engagement and research has improved overall;
5. A national quality assurance framework and infrastructure has been established and policies, mechanisms and initiatives with respect to institutional audit, programme accreditation and quality promotion have been established;
6. A new-goal oriented funding framework has been instituted through the National Student Financial Aid Scheme.

While there appears to be generic successes which are particularly linked to the national sphere of government, there are challenges that exist within individual institutions and in some cases the problems overlap to other institutions. Limited literature sources focused on the success stories of mergers in South Africa. Instead there has been a plethora of literature which focuses on the challenges which various institutions have encountered to date. The next session discusses the challenges in detail.

### **Challenges in the Merged Institutions**

There is abundant literature on South African mergers of higher education institutions and various authors have listed various challenges faced by these institutions. These challenges are briefly discussed below:

1. In the case of three comprehensive universities, the employees' commitment was strongly related to perceptions about how fairly they are treated in terms of their workload (Arnolds *et al.* 2013);
2. Curriculum challenges – the curriculum of the stronger institution dominated the merged institution at the veterinary sciences faculty of the University of Pretoria (Mfusi 2004);
3. In the case of the University of Fort Hare and Rhodes University merger, it was a case of white excellence and black failure – the institutional racial differences became a challenge (Robus & MacLeod 2006);
4. At the University of Johannesburg which was a result of a merger between Rand Afrikaans University, Technikon Witwatersrand and Vista University, the issues around the brand, image and corporate identity of the merged institution became a contested terrain whereby

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the presence of Vista in the merger is a corporate identity and image 'threat' (Bresler 2007);

5. At the Nelson Mandela Metropolitan University, the design of the academic profile and a qualifications structure for a comprehensive university identity becoming a challenge because the merger was between the University of Port Elizabeth, Port Elizabeth Technikon and Port Elizabeth campus of Vista University (Nel & Stumpf 2007);
6. The merger between the University of Durban-Westville and University of Natal brought about quality assurance challenges since the former is a historically disadvantaged institution whilst the latter is a historically advantaged institution (Kistan 2005);
7. At the Durban Institute of Technology which is a merger between ML Sultan and Natal technikons were faced with challenges of goal clarity and perceptions of organisational readiness by the staff of the merged institution (May & Mason 2007);
8. At the North West University, the employees experienced a negative employment relationship after the merger especially in terms of job satisfaction, job security, psychological contract and severe depression (Linde & Schalk 2006);
9. At the University of Johannesburg, the institution faced a challenge of staff motivation as the employees as a result of workplace discontentment and a lack of rewards received for good performance (Ramdhani & Nkoane 2010).

The above discussion suggests that mergers have had challenges as they unfolded. There have been few success stories as compared to the challenges and the failures experienced by the merged institutions. The following section will discuss the recommendations as per the literature reviewed.

### **General Observations Emerging from the Literature Review**

Various authors have listed main issues and considerations which could be taken care of before a merger is constituted. This sub-section discusses some salient highlights pertaining to these and other related issues.

### ***Organisational Cultural Aspects of the Merger***

According to Heidrich and Chandler (2011), in mergers and acquisitions, two

or more cultures are combined and issues such as cultural audits, cultural fit and cultural distance come into play. This is supported by Kistan (2005) who purport that compatibility of cultures is a key issue when choosing a partner to merge with. In higher education, organisational culture is seen as a situation whereby institutions see themselves as carriers of intellectual, academic and national traditions of an institution. In the merger which produced the University of Johannesburg, according to Bresler (2007), their biggest challenge was for the university to identify critical associations that moulded consumers' perceptions about the then Rand Afrikaans University, Technikon Witwatersrand and Vista University. They worried about their branding, the image and the identity of the new institution.

Furthermore, in the situation of mergers in higher education institutions, this was a highly contested terrain as stated by Bresler (2007: 195) that 'specific attributes of merger candidates are evaluated to form basis for selecting the right partners, to assess the strategic fit before any merger takes place'. As it has been discussed in the earlier sections, the mergers were instituted by the Ministry of Education; they were involuntary and politically motivated. As a result, the issue of selecting merger partners was out of question. As Drowley *et al.* (2013: 206) purport: 'organisational culture and identity have often been described as perpetually contested social phenomena which for some it amounts to the struggle for the life and soul of the institution to which they were deeply committed'. In the case of the University of Fort Hare and Rhodes University merger, the merged institution battled with politics of 'white excellence' for Rhodes University which is a historically white institution and 'black failure' linked to the University of Fort Hare (Robus & MacLeod 2006). The issue of cultural dimensions is concluded by Kistan (2005: 249) when he purports that 'the challenge of merging institutions, particularly when instituted by an external agency can become complex and invariably unpredictable especially when the two institutions come from historical and cultural backgrounds that are different'. In this case, the merger partners were chosen by the Ministry of Education and the issues of clashing personal and institutional cultures was not taken into consideration.

### ***Human Resources Aspects of the Mergers***

During times of change such as mergers, challenges like anxiety, low morale, work errors and loss of motivation are challenges that face Human Resources

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departments in most institutions (Schultz 2010). In addition, Ramdhani and Nkoane (2010) also add that the level of motivation directly influences the performance of employees and their own culture of self-worth within the merged institution. In the case of South African mergers, thousands of university employees found themselves in trying and uncertain times during the merger process of various institutions. There were worries of job losses, loss of posts; job security and uncertainty especially because the mergers were pushed from outside and the institutions were not given a chance to choose their own partners.

Moreover, according to Paul and Berry (2013) the issue on how employees cope with and respond to the merger has a direct impact on the organisation's performance in the short to medium term. In the case of Nelson Mandela Metropolitan University, Nel and Stumpf (2007) discussed how the university managed to 'achieve the signing of an agreement with the unions on the harmonisation of conditions of service'. However, there were still challenges in relation to designing a new organisational structure, harmonisation of salaries because the staff members were still being remunerated in terms of their previous institutions, staff equity profile at senior management and academic levels. There has also been a consistent loss of equity candidates in mergers which involve previously white and previously black institutions because of the uncertainty of the merger process (Mfusi 2004; Sehoole 2005; Nel & Stumpf 2007).

### ***Curricula and Quality Assurance Effects***

'One of the critical aspects of the planning stage is the valuation of the target and the expected synergies between the acquirer and the target' (Ferris & Pettitt 2013: 2). In the South African higher education context, the mergers were more politically motivated since the new democratic government wanted to 'unify the fragmented higher education landscape inherited from apartheid. As a result of this situation, institutions were not given a chance to choose their 'partners', there was no consideration of cultures of the institutions, what they offer, how the employees will cope nor the strategic fit. It was a matter of an 'arranged marriage' (SASCO 2009). As a result, it was left to the institutions themselves to re-arrange their own academic offering, decide on which module or qualification to discard and from which merger partner.

In addition, Mfusi (2004) posits that curriculum stands at the heart of

teaching and learning transaction in higher education – it is the core function of what universities are created and established to do. Three scenarios seem to have dominated the merger landscape which involves partial compromise where the merged institutions had to compromise and give a chance to each other although the compromise always favoured the ‘stronger’ partner like in the case of UNISA. The second scenario is the status quo whereby the merged institutions continue to work individually, this was the case of The University of Venda and Giyani College of Education and the University of Witwatersrand (Jansen 2004).

The last scenario is the complete integration where the two institutions merge their curricula. This is an easier exercise if the institutions are within the same field whereby there could be an existing overlap of modules already. This was the case in the merger at University of Pretoria and MEDUNSA veterinary sciences, and also between Technikon Natal and ML Sultan Technikon (Chalufu 2002). As it can be seen in Table 1, in most cases, the mergers were not necessarily amongst institutions which had the same offering, so each institution had to decide on what would work and what would not work.

### ***Leadership and Management Effects***

Paul and Berry (2013) point out that in some instances, the leader has to choose to spend time and money upfront in critically assessing the proposed community, economic and clinical merits of the merger, or spend more time and money trying to fix what should have been figured out before closing the deal. So in essence, this implies that leaders in merged institutions needed to possess business management skills (Arnolds *et al.* 2013).

### ***Distance and Geography Effects: The First Casualty of the Demerger of the University of Limpopo and MEDUNSA***

Geographical distance between the two merged institutions has proven to be a factor in the merger process and the outcome of the mergers (Norgard & Skodvin 2002). As Ahmanvand Heidari & Hosseini (2012) put it, geographical distance can increase the existing cultural, social and academic tensions between the merged institutions. When one looks at Tables 1 and 2, it can be seen that in some cases the distances between the merged institutions made it difficult for the merger to function properly. The case of the University of Lim-

popo and MEDUNSA is an outstanding one whereby the merged institutions were 300 kilometres apart from each other. Hence, 6 years later, the two institutions were de-merged. This was a costly exercise because the merger had cost the tax payers R1, 3 billion (Maponya 2011). This is the first casualty and time will tell if there will be more casualties in the future.

## **Possibilities for Further Research**

This article is based on reviews of both national and international journal articles, government policy documents and relevant academic books on the study topic books. However, there is a need to conduct empirical studies on the effects of mergers. The empirical data will shed more light on the status of the merged institutions as opposed to literature review.

## **Conclusion**

The higher education mergers in South Africa experienced both successes and challenges as discussed in the article. The lessons that can be learnt from the article and the literature consulted are that it is always important for the responsible authorities who institute the merger to assess the strategic fit of the merging institutions; the impact of the merger to the staff involved; plans put in place to assist the survivors to cope with the new establishment and availability of processes to be followed during pre- and post-merger phases amongst others. South African mergers were trial and error. In some cases, the process has been smooth sailing whilst in others the institutions had to de-merge such as the case of the University of Limpopo and MEDUNSA, whereas Walter Sisulu University was put under financial administration due to its merger with Border Technikon, the Eastern Cape Technikon and the University of Transkei.

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