Orchestrating the emerge of an innovation university

Objective:

Our study discusses the current situation and actions of a multidisciplinary Finnish Higher Education Institute (HEI) in its transformation journey towards an Innovation University for Working Life as stated in strategy.

Phenomenon:

In recent years, several HEI mergers have taken place in Finland. The mergers have sought administrative savings but also a stronger position to develop the region and the business community through education and applied research. Although the topic has aroused interest, the experiences of internal actors in the organization have received little attention in the literature.

Theoretical Anchoring:

Our analysis draws on theories HEIs as part of regional innovation ecosystem, mergers in HEI context, and leadership models of change management.

Context:

The LAB University of Applied Sciences aims to become an Innovation University for working life. This objective requires both stronger cooperation between HEI's units, research and development and teaching activities and university-industry collaboration. The outcome of these actions will foster the HEI's journey toward an innovation ecosystem and at the same time enable the HEI to broaden its external funding base.

Research Design:

The method of data collection is at-home ethnography as the research is conducted by authors who study a setting, in which they are natural participants. The data consists of documents and field notes of daily development actions, and interviews with 12 representatives of organizations involved in this change. Thematic analysis is used to determine the key challenges of the change process through which the HEI aims to achieve its goal.

Findings:

Two years after the merger, the new organization is still looking for direction. The managers and employees of the HEI perceive the goals as somewhat contradictory and challenging. Efforts have been made to engage external stakeholders in order to strengthen the profile of the organization. The transformation thus requires leadership that mobilizes personnel to move from old practices to new one.

Contributions:

We contribute to merger literature in HEI context by providing at-home ethnography from the very early years after merger. We also highlight how the change process is susceptible to changes in the external operating environment.

Keywords:

Higher education institute, HEI merger, innovation ecosystem, change management, transformation, cultural integration

Introduction

Higher Education Institute (HEI) mergers have taken place since the 1960s, first in Australia and the UK, where there was a desire to develop alternative higher education alongside universities, and continued in Germany and Sweden, for example, in the 1980s. A similar development was seen in the United States, the Netherlands, Norway and, ultimately, Finland, where current polytechnic education began in the 1990s. (Skodvin, 1990) Today in Finland, there are 13 universities and 24 polytechnics, or University of Applied Sciences (UAS) as they are called in Finland (Ministry of Education and Culture, 2022). The number has clearly decreased from 20 universities and 29 UASes in the mid-2000s as a consequence of the Guidelines for the structural development of higher education institutions for 2008–2011 where the Ministry of Education (2008) outlined that by 2020 there would be a maximum of 15 universities and 18 UASes. The number has decreased due to mergers of educational institutions. One such merger is the merger of Saimaa University of Applied Sciences and Lahti University of Applied Sciences in 2020 into LAB University of Applied Sciences (LAB UAS). After the merger, LAB UAS operates on two campuses, Lappeenranta and Lahti, which are located in two regions, about 150 km apart. In this study, we examine LAB UAS's first years of operation and, in particular, the experiences of the middle management and specialists. The research question is: How is the change perceived and accepted when the Higher Education Institutions merge? The data is collected by interviewing middle management and people in expert positions. While some informants have worked for the merged UASes and have also been actively involved in the planning and implementation of integration, other interviewees have started at LAB UAS only after the merger.

The article is organized as follows: First, we describe the contextual issues shaping the current HEIs and introduce shortly the change management in HEI context. Then we explain the research design focusing on at-home ethnography (Alvesson, 2009). After describing the case organization, the findings are given and discussed in the next two sections. Finally, the conclusions are drawn.

Theoretical Background

HEI mergers have been studied from the perspectives of identities (e.g. Puusa & Kekäle, 2015; Erjansola et al., 2021), performance (Kang & Liu, 2021), reputation management (Aula & Tienari, 2011) and change management (McRoy & Gibbs, 2009), for example. Also, the role of HEIs in regional development and mergers as a national policy (e.g. Harman & Leek, 2002) have been central research foci during the last decades. However, entrepreneurial university research (Etzkowitz, 2003; Klofsten et al. 2019) is

perhaps the most important of the current literature dealing with the activities of HEIs. What has received less attention is the experience of HEI staff in merging and starting operations in a new organization. One exception is Cai's (2006) study of staff integration in a ten-year-old Chinese university merger. By employing a cultural framework, he found that academic values and beliefs were important in the integration process. In addition, leadership, organizational objectives and geographic division, as well as cultural differences, affect on staff integration.

Studies of HEI mergers have mostly been retrospective, where the merger has taken place several years earlier (e.g. Cai 2006) and thus allowed enough time to establish common operating models. Our research case, LAB UAS, has only been in operation for 30 months and most of that time – more than two years—in exceptional circumstances due to the covid-19 pandemic. Whereas mergers usually take place between HEIs that operate in the same geographic area as in Helsinki region, Finland (e.g., Aula and Tienari (2011), the study by Puusa and Kekäle (2015) study of XX context is an exception to that.

Cai (2006) states that cultural integration in mergers can be understood as institutionalization process where different organizational cultures and practices are reshaped towards a shared but not necessarily unified solution. According to Kasper and Streit (1998), post-merger HEIs try to find a 'new legitimacy' by testing which norms are accepted in the new environment. Thus, a merger may need to implement new practices but is also able to blend previous ones into its new situation. Cai (2006) suggests that different groups of staff members may make sense of the merger differently. In this study, we focus on people who are in a central position from the point of view of implementing the new organization, but who, however, look at the strategy from different perspectives, including teaching or research perspectives or their combination.

The success of the change requires leadership in HEI (McRoy & Gibbs, 2003), as in other organizations, which helps the personnel understand the need for change and commit to the vision of the future organization. Since the staff of educational institutions consists of experts in various fields and with various values and ambitions, diversity management is important (Meister-Scheytt & Scheytt, 2005). The merger of two or more organizations shakes the previous situation so that incremental changes are not possible. During the transition period, people resist change because it challenges their identity (e.g. Bridges 2003). Thus, central to change management is rarely the technical issues such as forming new strategies and performance indicators but how to lead personnel through the change. Kotter's (2014) eight-step process for leading change. It draws attention to how the organization's staff is guided through the change process. First, they are shown the necessity of change, then a group of change drivers is assembled from the management positions to convey the message about how the new and old organizations are different. In the fourth step of Kotter's (2014) process, even more drivers of change are recruited this time from all levels of organization. Fifth, the identified barriers for change are removed, and sixth the short-term wins are praised. After small wins it is easier to push hard forwards and to modify practices and organization if needed. Finally, the new organization is fully functional and even the last bridges between the old and new practices can be dismantled.

Research Methodology

The method of data collection is at-home ethnography (Alvesson, 2009), as the research is conducted by authors who study a setting, in which they are natural participants. The data mainly consists of semi-structured interviews with the LAB UAS staff members and is complemented by observations and field notes from meetings and other development activities, in which the authors have participated in. We

conducted twelve thematic interviews with the LAB UAS personnel, seven women and five men who represent all four units of the HEI. Two of our informants worked as directors participating also in the LAB UAS executive team, seven in managerial positions and three in expert positions. The interviewees represented both campuses. About two-thirds of our interviewees were involved in the establishment of LAB UAS in 2020, and others have taken up their positions later.

During the data collection and first round of thematic analysis, we found that utilizing the previously selected theoretical lenses of regional development, organizational learning, and co-creation could not be done productively. Therefore, other lenses for explaining the current situation of the HEI were considered and finally, we selected to discuss our findings according to John P. Kotter's (2014) eight steps for leading change as applicable.

The case HEI

The starting point for the required changes was complex with a history of two different sizes of organizations with different focuses, organizational cultures, and conventions of sensemaking as well as many units with their own subcultures, various practices of education, research, development, and innovation with stakeholder groups. So far, the merger of Saimaa University of Applied Sciences and Lahti University of Applied Sciences in 2020 has taken the first steps in organizing education, RDI, and continuous learning to employ the strategy selected. A major effort is currently underway as the new LAB University of Applied Sciences (LAB UAS) is establishing platforms for integrating education, research, and innovation activities in four focus areas.

The LAB UAS is owned by Lappeenranta – Lahti University of Technology (LUT), which also produces all university services for LAB UAS. The LAB UAS's objective is to become the "Innovation University for working life". It aims to provide its students and cooperation partners "The best of both worlds" meaning that students and partners will be involved in collaboration for developing a better working life for all.

The LAB UAS currently employs its strategy via four focus areas: Sustainability, Health, Design, and Innovations. These focus areas aim to collect and combine competencies from different disciplines of the HEI and thereby strengthen the profile of the HEI.   The HEI's key specialists operate within these platforms, while an important part of RDI and education activities remain outside them.

These objectives require the systematization of cooperation inside LAB UAS's units as well as the strengthening of collaboration with local, national, and international partners. The outcome of such actions will foster the HEI's journey towards a regional and national innovation ecosystem. An indirect mid and long-term effect will be an increased external funding base of the HEI.

The starting point for the development was complex with a history of two different sizes of organizations with different focuses, organizational cultures, processes, and conventions in making sense as well as many units with their own subcultures, various practices in education, research, development, and innovation activities with stakeholder groups. However, some of

these challenges have already been recognized and actions to mitigate or even remove them are on their way.

This article aims to present the state of the art with these actions shortly described above.

Findings

The thematic analysis of the interview data highlighted four key themes: 1) strategy and organization, 2) implementation of the strategy, 3) culture shift, and 4) communication. These are presented next one by one using real excerpts.

Strategy and organization

The informants were largely satisfied with the clarity of direction where the new organization was heading.

> I think that [strategy] is clear and I like the strong focus on working life and the fact that we are really here for it. It means developing their things with them, but also producing high-quality graduating students for their needs. (Interviewee #11)

The informant above did not specify who he/she meant "them". LAB UAS's intention to be an 'Innovation university for working life' did not take a position on whether working life meant companies operating in the market, public actors, the third sector or all of them. The same looseness was also identified in the four focus areas selected by LAB UAS:

> I think if I said straight now, I would have liked it to have something newer, something different. Environmental issues, of course, but I think they are the standard, they are always involved that they cannot be ignored nowadays. So is it a matter of strategy at that point? Somehow it [strategy] feels even a little too simplistic. (Interviewee #4)

The interviewees realized that change would take time. An additional challenge was that LAB UAS had time to operate only two months before the covid-19 pandemic forced people to work remotely, as the following excerpt describes.

> This kind of big change requires a lot of things and working together. Everyday life in the middle of the corona, when we started as LAB and immediately closed the doors of universities and switched to teleworking, it has been challenging to lead and develop education and RDI activities in a new direction, but it must have been in this situation. (Interviewee #9)

Still, some expected clearer choices, prioritization them and holding on to them from the organization. The organization as units, multidisciplinary focus areas, and by actions made the big picture hard to understand:

> We have too many individual [levels]. --- We have a big strategy, then we have a platform, then we have our own goals for teaching and our own goals for continuing education service sales, then we have our own goals for the professionalization of R&D. That it's too complicated. Do I have to look at things through too many lenses and then it easily paralyzes the whole operation (Interviewee #12)

Implementation

In its communication, LAB UAS announced that it offers 'The best of both worlds.' Informants working in education –but even some working in RDI—were dissatisfied with the way in which educational issues had been considered in LAB UAS's operations and strategy.

> My team members are on the education side. So, they feel that they have been severely forgotten in it [strategy] and the whole education has been forgotten. (Interviewee #8)

> It has not been very easy to get experts from the RDI side involved in teaching, while on the other hand, it may have been easier to get teachers to work in RDI. (Interviewee #9)

Conversely, the same was reflected in the dissatisfaction of RDI staff with teachers 'participation in research tasks:

> Perhaps the biggest challenge at the moment is how we can further support our teaching staff in increasing their project preparation skills, and how to get them more involved in project preparation and thus better integrate RDI into teaching. As long as the teaching staff is not sufficiently involved, it is more challenging to connect it to teaching and, in my opinion, to make little use of their results. (Interviewee #11)

Lack of personnel was often cited as an obstacle to closer integration. Actions were taken as previous so that there was no opportunity for real integration of research and teaching.

> By the middle of this year, we are already so far advanced that we do not have the resources to provide for RDI activities, although we would like to offer. But if our teaching fails, we have to say that we cannot find a solution to this [need for research] right now. Then we need to think more through recruitment, but yes it should be on both sides and we need to use our resources at LAB in the right places, and not think about whether this goes to R&D or teaching in general. (Interviewee #9)

> Well, it [the integration of teaching and RDI] cannot be developed in any other way than to involve teaching staff in it. And then we might get into that debate when money is no longer coming and resources are not to be shared, so I think we should be bolder to make cuts so we don't make these anymore, but then we put more effort into research. (Interviewee #11)

The two quotations above again show how differently research managers and teaching managers prioritize activities that, according to the strategy of LAB UAS, should integrate seamlessly together.

LAB UAS has introduced 15 platforms, 3 or 4 for each focus area of Sustainability, Health, Design, and Innovations. The aim of the platforms is to bring together LAB UAS' specialists to build up expertise in education, research and innovation activities in a multidisciplinary manner. However, multidisciplinarity was perceived as challenging even for organizational units that had measurable goals and their own platforms, although some of the interviewees were more concerned about how they could better promote multidisciplinarity.

> They [platforms] should not compete with education metrics because, however, we want the activities to be multidisciplinary and the platforms to have experts from different units, but why would I give the best person to a neighbour platform if we still have our own platforms in our unit? (Interviewee #8)

Many felt that competing for scarce resources also led to unnecessary competition within the organization.

> [We] have to think about where the joint project will go, what unit it will be recorded in. --- I think it's a slowing factor and it's useless thinking. We are all working in the same company and there should be no competition with each other. (Interviewee #4)

The strategy was visualized as roadmaps with clear quantitative goals.

> That road map seems to me to take all the projects and all the money that is available. I could see that it's a bit short-tempered. --- But when we look at it in 5 years and we should be able to get international projects in the long term, maybe we don't have the incentives for that anymore. (Interviewee #4)

Not everyone was satisfied with the cooperation with the companies either. Part of the cause may have been a covid-19 pandemic, but difficulties were also caused by the fact that LAB UAS operates in several locations.

> Due to covid-19, many of the events that had been planned to be held in cooperation with working life were cancelled and are now being organized. I had a joint meeting last week, which was well attended by the representatives of working life but they did not come because we were still on Teams [platform]. It is difficult to find the right place to meet the actors of the South Karelia and Lahti regions together. Which campus is chosen and who travels is not so clear. And then when we stay in the electronic environment, it may not produce the same result. (Interviewee #9)

Culture shift

However, the merger of the two independently operated UASes had largely gone well. At the managerial level, however, it was suspected that some old employees were still longing for the old ones.

> [We] have taken a way forward in this [implementation of the strategy] that seeks to involve staff to come up with ideas and make decisions together. We have a bit of the old background that some of the staff are still waiting to be told what to do and given more specific instructions. But I think the direction is right and good. (Interviewee #9)

For some, the prevailing situation had challenged the previous ways of working, which on the other hand also enables modification of the job description, but some would have liked to stick to the old ways.

> There has been quite a lot of discussion about what is everyone's job in the group and what is not. Before, when we were more together working, we were one and the same, so maybe we're not in the same boat. (Interviewee #3)

The merger of the two organizations was considered to be a balance and choice between old and new practices.

> I would like each of us to brutally leave out those old [practices]. Now we're in the LAB and we're going to do things differently. --- On the other hand, if there have been some good practices in either organization, why not take them? But whether they are good anymore in this

new situation and whether they are so good that would take us better forward, then perhaps that is something to consider. (Interviewee #11)

Communication

According to the middle managers and people in expert positions, the new strategy of LAB UAS was given to them by the top management of the organization.

> The president probably introduced it then in the fall of 2019. He had a few slides that were entirely in English. It raised a lot of questions. We have a lot of teachers who, for example, do not do their work in English and may not have studied English as the first foreign language, so it was said that this is a very accessible strategy. (Interviewee #8)

According to the interviewees, the sarcastic comment on accessibility meant that not everyone would understand the strategy even after two years. Concrete definitions and examples of strategic choices were needed. For example, "rapid experimentations" and "demanding innovation actions" are both mentioned in the strategy without clear definitions. Also, interviewees expected more about the communication with and to external stakeholders.

> I think it's pretty important that a story like should be developed for it, that the management and everyone tells the same story, that it's going to be familiar, that we now have this kind of activity here and that's what we are doing. The same message is shared everywhere. And then that same story has to be told to outsiders, of course, and it has to be found on the website (Interviewee #4)

Discussion

Two years after the merger, the new organization is still looking for direction. The first two years have been spent on an internal organization when a common strategy has been formed and the focus is on its implementation - although the strategy does not seem to be completely clear even at the middle management level. The managers and experts of the HEI perceive the goals as somewhat contradictory and challenging. Efforts have been made to engage staff in order to strengthen the profile of the organization but there are still challenges, especially in the integration of teaching and researching activities. Combining two different organizational cultures has not gone smoothly, but on the other hand, there is a positive attitude towards merging. Instead, more effort is expected to communicate a coherent and universally comprehensive strategy. The covid-19 pandemic has prevented close interaction with business partners and working on two campuses has made cooperation with the working life difficult.

The qualitative thematic analysis brings forth four themes: Strategy and organization; implementation; culture shift; and communication. The study shows that the middle management and those in expert positions valued the close connection to working life in the LAB UAS' strategy. The strategy was not too binding so different interpretations were possible. Although interviewees were satisfied with the overall strategy, some expected it to be more unique. The looseness of the strategy enabled managers and experts to do their work as they wished but also did not provide the strong support for cutting off tasks that they considered unnecessary.

This was seen especially when comparing how the teaching staff and research staff evaluated the implementation of the strategy. Those involved with the research complaint that integration expected in the strategy was not possible because teaching staff did not join to research and development activities enough, and vice versa. As Cai (2006) stated the different groups of staff members kept the values that they were used to and were not ready to obtain new values, norms and practices that highlighted integration. Integration of teaching and RDI was accepted in the general level, but this hardly led to any action although the new platforms were introduced earlier. Striving for multidisciplinarity is central to the goals of the chosen platforms, but with current measures and standards, it remained questionable whether genuine cooperation will occur.

Competition between organizational units, platforms, and scarce human resources dominated the way interviewees commented on the strategy implementation. LAB's role in relation to external stakeholders and the effort to be the creator of the innovation ecosystem has had to give way to internal organization. Cooperation is done with old partners with whom good relations have already been established in the past. At the same time, the perspectives of important stakeholders such as students and companies do not seem to be central to the implementation of the strategy.

Compared to Kotter's (2014) change management model, LAB UAS's personnel saw change as necessary and possible in the changed operating field of HEIs. On the other hand, the commitment of the personnel to the change process was not completely successful, and many were left with the experience that the new organization and strategy were given to them ready-made from the top down. There was also no clear difference between the old and the new organization, but the continuation of the previous ways of working was fully accepted, which caused cultural coordination challenges. So far, even in communication, it has been a challenge to identify uniform guidelines and follow them in everyday work. In general, it seems that the change process slowed down by the corona is now only halfway through Kotter's (2014) eight-step process.

Conclusions

Mergers in the higher education sector require leadership and change management like all other organizations. Personnel often work in expert positions with a strong identity and established practices and networks. The change therefore also means a redesign of their individual level of understanding, which requires going through the necessity and implementation of the change on a more personal level as well. The change process is susceptible to changes in the external operating environment. For example, covid-19 affected cooperation both inside and outside the organization.

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