

MERGERS IN HIGHER EDUCATION INSTITUTIONS, NEW PUBLIC MANAGEMENT AND CORPORATE GOVERNANCE: SOME EVIDENCE FROM GREECE

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Abstract

While there are a considerable objective variety and management strategies, the public sector's corporate governance differs from the private sector due to the differing legal framework, financial accountability and organizational structure of public businesses. Additionally, the absence of a sizable corpus of research on corporate governance in the public sector sets it apart from that in the private sector. To address issues in the public sector, particularly one of possible accountability, corporate governance of the public sector was introduced and further debated in the beginning of the 1990s. Thus, people, process, performance, and purpose — the four P's of corporate governance — are adjusted and applied to the unique characteristics of the public sector. Good corporate governance in the public sector aims to determine the ways to reach the most effective strategic decisions, to ensure transparency, which in turn ensures a strong and balanced economic development for the organization. Good corporate governance matches the interests of owners-shareholders, management, directors, employees,

and establishes transparent rules and controls, and offers leadership advice. It encourages long-term financial sustainability and a distinct understanding of an organization's course.

The New Public Management (*Nouvelle Bonne Gouvernance*) was also implemented in the 1990s to encourage decentralized budgeting, flexibility in the implementation of public budgeting, and performance evaluation in public services. The main tenets of the New Public Management place a significant emphasis on budgetary management, value for money, and increasing efficiency. The use of a command-and-control style of operation, creating and specifying goals, and ongoing performance monitoring are essential components. Each person takes on responsibility for the delivery, monitoring, and assessment of this element. Making administrators responsible for their actions and process delivery is another important aspect of New Public Management. Every society now demands efficient administrative systems and the right protocols for developing and implementing efficient management policies, as well as public accounting knowledge of the public sector actions. Law No. 3871/2010 is regarded in Greece as the foundation for implementing the ideals of the New Public Management. In this regard, any public organization is able to implement realistic targets for public revenues and budgets (objectives that are being implemented), putting more of an emphasis on the costs of results rather than inputs.

Mergers and synergies between higher education institutions are frequent processes, both worldwide and in Europe. There are a sizable number of published scientific publications and studies that discuss the recording and investigation of merger and integration processes. Gaining critical mass, enhancing institutions' academic performance, achieving financial efficiency via the co-management of all resources, and improving performance through promoting social and economic growth are the most common aims of mergers.

The present study focuses on the above referred issues, on the recent merger (three years ago) between the International Hellenic University (IHU) and three Technological Educational Institutions located in Central and Eastern Macedonia — Thrace. The new IHU now has the form of four main poles as follows: one in Serres, one in Kavala and two in Thessaloniki (East and West), current headquarters of the four institutions and will have additional departments in four other cities of Greece: Katerini, Kilkis, Drama and Didymoteicho. The visionary goal of the new IHU is to emphasize and encourage innovation in teaching and research, as well as the international nature of the studies it will offer. Also, important elements of the merger and integration were the restructuring of all the services with their consolidation and the establishment of new ones — where it was necessary. Last, there was an effort for increased financial efficiency through co-management of all combined resources. In order to examine the present situation with the level of the merger's success and evaluate

any possible impact from New Public Management and Corporate Governance, we have conducted ten interviews with professors — members of the teaching staff and discussed a series of questions (in unstructured live interviews).

The results of our study provide evidence that the innovative features of the new IHU, after the integration process, were the osmosis of the different approaches and experiences between the members of the teaching staff and employees of the institutions involved. Following the basic principles of New Public Management and Corporate Governance, a systematic effort is made to save public resources, as not only are existing infrastructures and administrative services satisfactory utilized than newly created wider structures but economies of scale are started to be realized too. The new university can be included in terms of ranking as a large, innovative and experimental new university, as it is already the third largest in Greece in terms of a number of students. However, although in the European area and worldwide the number of university mergers has increased significantly in the last two decades, in Greece there were not similar particularly large-scale projects, nor many years of preparation for such a thing. For this reason and as an unprecedented experience in size for the institutions involved, significant difficulties arose in recent years that had to be addressed at IHU. Also, further emphasis needs to be given to issues of organizational functioning in the existing situation, in order to upgrade the competitiveness of the new institution at the international level and achieve a better position in international university ranking lists.

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