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GLOBALIZATION OF EUROPEAN TOP-TIER HIGHER EDUCATION INSTITUTIONS: ALLYING OR ACQUIRING/MERGING?

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Abstract Based on an integration of an amalgamation of previous studies on the ally versus merge or acquire issue and an overview of the context around and drivers for higher education globalization, an unambiguous tendency towards forming strategic alliances rather than engaging in mergers or acquisitions could be deduced. Mergers and acquisitions, nevertheless, shall also be genuinely considered in some instances. None of the ally versus acquire or merge choices – based on pertinent decision factors – are likely to evolve in the short to mid run. The human side turns out to be central to both strategic alliances and mergers and acquisitions.

Keywords Mergers and Acquisitions; Strategic Alliances; Higher Education; Globalization

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1. Introduction

Mergers and acquisitions and strategic alliances depict two alternative growth strategies that have attracted a lot of attention within the past decades, both from the academic and the industry side (Dyer, Kale, and Singh 2004; Sawler 2005). Much has been asserted on the success and failure rates of the two strategies. Undoubtedly, both mergers and acquisitions and strategic alliances are complex and multifaceted, and any attempt to reduce that complexity by focusing on one aspect or stage inevitably comes at the cost of the negligence of another aspect or stage (Gomes 2020). Also, the various factors embodied in one of the two strategies are significantly interlinked, hence calling for a more holistic approach to appreciating the two strategies at large. Moreover, voices have been raised to not solely focus on either strategy alone but rather to increasingly investigate mergers and acquisitions and strategic alliances in the simultaneous presence of both strategies (for example, Ortiz-de-Urbina-Criado, Ángel Guerras-Martín, and Montoro-Sánchez 2014; Gomes, Alam, and He 2021; Fang et al. 2015). As such, the question of when to choose allying over merging or acquiring – or vice versa – has become more prominent in the past two decades (Ego 2022). The present approach is concerned with precisely that question. More specifically, it attempts to elucidate under what circumstances higher education institutions should ally and under what circumstances they should choose a merger or an acquisition in their efforts to globalize.

To examine when to ally and when to acquire or merge in higher education globalization, I will first outline the general literature on the merger or acquisition versus strategic alliance choice and derive critical factors employed in previous studies. Second, I will shed light on the context around and the drivers for higher education globalization, followed by a concise methodology section. In the fourth chapter, I will amalgamate the findings on the ally versus acquire or merge question with the higher education globalization context and drivers. Lastly, I will discuss the findings and delineate several propositions to be tested in future approaches.

2. Literature Review

The choice of engaging in either a strategic alliance or a merger or acquisition has been investigated from various angles. First, different approaches built on different theories, such as economies of scale (Garette and Dussauge 2000), neo-institutional theory (Ang, Benischke, and Doh 2015) or transaction costs economics and capability views (Capron 2016); others employed an integrative approach (for example, Xiaoli and Shanley 2008; Dyer, Kale, and Singh 2004; Villalonga and Mcgahan 2005). Second, whereas some authors focused on internal factors (for example, Borah and Tellis 2014; de Man and Duysters 2005), others concentrated on external factors – and within external factors on the microenvironment (for example, Moatti 2009) or on the macroenvironment (for example, Moalla and Mayrhofer 2020). Third, within internal factors and micro- or macroenvironment, respectively, various subcategories were targeted, such as resources, performance or strategy within internal factors and industry within the micro- as well as home or target country considerations within the macroenvironment. To make those multi-layer differences more tangible, I created table *1.*, which first displays the different theories underlying an ally and a merger or acquisition decision, before embedding the internal and external factors and the respective subcategories.

Table *1.* further offers the decision factors leading to the ally versus acquire or merge decision – within the underlying theories, internal and external factors and their respective subcategories. The *Multi-Page Table on Mergers and Acquisitions versus Strategic Alliances* in the *Appendix* provides more context around those decision factors. From an analysis of the decision factors emerges that a firm aiming to boost innovation should ally (de Man and Duysters 2005; Borah and Tellis 2014) and that high political and geographical distance, too, points to forming a strategic alliance (Moalla and Mayrhofer 2020; Ang, Benischke, and Doh 2015; and indirectly also McCann, Reuer, and Lahiri 2016), whereas high cultural distance calls for a merger or acquisition (Ang, Benischke, and Doh 2015). If resources are soft, complementary or interdependent, a firm is advised to ally; if resources are hard, similar or

	Theoretical underpinnings	*Internal/external factors*	*Internal/external: subcategories*	*Decision factors*	*Authors and date*
Allying	Integrative approach	[1]Internal/[2]external: microenvironment	[1]Resources/[2]Industry; competition	[1]Interdependent; soft/ [2]high, moderate uncertainty	Dyer, Kale, and Singh 2004
		Internal	Performance	Increase innovative perf.	de Man and Duysters 2005
		Internal	Strategy	Horizontal alliance/acquis.	Sawler 2005
		Internal	Experience	Alliance experience/recen.	Villalonga and Mcgahan 2005
		External: microenvironment	Industry	Low commitm. requirem.	Xiaoli and Shanley 2008
	Transaction costs economics and capability views	Internal	Resources	Relat.: focused, aligned incent.	Capron 2016
	Event study	Internal	Strategy	Innovation	Borah and Tellis 2014
	Economies of scale	External: macroenvironment	Home country	European firms: compl. capabilities, new markets	Garette and Dussauge 2000
	Distance through CAGE dimensions	External: macroenvironment	Target country	High political distance	Moalla and Mayrhofer 2020
	Neo-institutional theory	External: macroenvironment	Social and cultural	High geographic. distance	Ang, Benischke, and Doh 2015
	Imitation and experience: isomorphism	External: microenvironment	Competition	Imitation: same for acquisition	Moatti 2009
	Dyadic analysis: interfirm combinations	Inter-firm perspective		Resource complementarity	Lihua and Zajac 2007
Acquiring/merging	Integrative approach	Internal	Resources	Hard, extensive redundant	Dyer, Kale, and Singh 2004
		Internal	Performance	Cost savings in R&D	de Man and Duysters 2005
		Internal	Experience	Acquisition experience	Villalonga and Mcgahan 2005
		External: microenvironment	Industry	High commitm. requirements	Xiaoli and Shanley 2008
	Transaction costs economics and capability views	Internal	Resources	High coordination needs	Capron 2016
	Neo-institutional theory	External: macroenvironment	Social and cultural	High cultural distance	Ang, Benischke, and Doh 2015
	Economies of scale	External: macroenvironment	Home country	Europ. firms: efficient size	Garette and Dussauge 2000
	Agglomeration theory combined with information economics	External: macroenvironment	Target country	Co-location to target firm	McCann, Reuer, and Lahiri 2016
	Dyadic analysis: interfirm combinations	Inter-firm perspective		Resource similarity	Lihua and Zajac 2007

1. An amalgamated overview of the literature on allying versus acquiring or merging and the respective findings. *Own illustration; categorization of internal and external factors and respective subcategories inspired by Ego (2022).*

even redundant, an acquisition or merger will likely present the most effective mode choice (Dyer, Kale, and Singh 2004; Lihua and Zajac 2007). If firms could potentially nurture a focused relationship with incentives that coincide, they should opt for a strategic alliance, whereas if the relationship is characterized by high coordination needs, the firms are advised to choose a merger or an acquisition (Capron 2016). In a similar vein, if the commitment requirements between firms are low, they shall ally; if the commitment requirements between them are high, firms should choose a merger or an acquisition (Xiaoli and Shanley 2008). Alliance experience points to forming yet another alliance rather than acquiring or merging – and vice versa (Villalonga and Mcgahan 2005). Nevertheless, prior experience, though relevant, should not constitute an ultimate decision factor (Dyer, Kale, and Singh 2004).

Note that these decision factors should be seen as an approximation in an ambiguous context rather than a perfectly accurate representation of reality. First, strategic alliances can take many forms, and, in some cases, the choice of one form may be considerably more effective than that of another form (for example, equity versus non-equity alliances). For the sake of simplicity, this approach does not account for those differences. Second, within the merger and acquisition or strategic alliance literature, some approaches concentrate on what choice *has been taken*, whereas others focus on what choice *should be taken* (only because a choice has been taken more frequently in the past does not necessarily imply it was the *right* choice). Third, some creativity was required to disentangle clear decision factors from all approaches. Fourth, firms can also grow organically. To simplify, this third mode choice was omitted.

This approach defines *strategic alliances*, accounting for the higher education globalization context, as long-term, systematic and close collaborations where both partners open core competencies. Hence, this definition excludes loose collaborations, such as partner university networks. It emerged from one of several meetings with Emanuel Gomes and Hannu Seristö (see *Minutes of Meetings*: *13 September 2022* in the *Appendix*; see *3. Methodology*).

3. Globalization of European Top-Tier Higher Education Institutions

Higher education globalization is about the long-run since intensified globalization efforts may benefit higher education institutions in the long-run through opportunities to increase both value and efficiency (Seristö 2022). It should be noted that the general characteristics of higher education institutions do not promote globalization but rather act as a force against it (Bartell 2003). Another interesting aspect to mention here is that top-tier higher education institutions have always had some sort of global devotion (Seristö 2022; Altbach and Knight 2007; Altbach, Reisberg, and Rumbley 2009). What features a rather new phenomenon, however, is the commercial aspect associated with education (for example, Knight 2002). That phenomenon turns out to be central to higher education globalization. Further, it is worth highlighting that, to date, there is no truly global higher education institution yet, though some might appear within the upcoming years (Seristö 2022; Ernst & Young 2012).

This approach uses the term *globalization* rather than *internationalization* as the latter focuses, to some degree, on collaboration and thus does not account significantly enough for the other mode choice – merger and acquisition (for example, Altbach and Knight 2007). The focus on European higher education institutions was chosen since there are considerable differences between European and, for example, Asian higher education institutions with respect to aspects as diverse as funding considerations, policy structures and globalization motives. To illustrate, whereas in Europe globalization efforts are strongly driven by economic motives, within the context of decreasing government funding, in Asia, higher education institutions are substantially less worried about financial issues and far more concerned about what their institution signals about the country it is located in (Seristö 2022; Gao 2015). Moreover, this approach concentrates on top-tier higher education institutions as only those institutions possess the resources to pursue holistic globalization approaches and to seriously consider both strategic alliances and mergers and acquisitions (Gao 2015).

On the one hand, there are factors driving higher education globalization; on the other hand, there are obstacles acting as a force against higher education globalization, and both drivers and obstacles can be divided into internal and external forces (Seristö 2022). Drivers can be subdivided into push and pull factors. The former include factors that act as a force on higher education institutions, urging them to globalize, and the latter encompass factors that represent opportunities for higher education institutions, motivating them to globalize. The line between the sets is blurry. Hence, some factors may be categorized as push or pull – depending on perspective. Based on these classifications, table *2.* offers a non-exhaustive overview of some of the major drivers for and obstacles to higher education globalization.

Drivers that can be listed as push or pull factors are student mobility as well as cross-border competition for money and talent because both can be seen as a force urging higher education institutions to globalize or represent an opportunity motivating them to increase globalization efforts. The permanent and free availability of information clearly features a push factor since institutions must offer an added value – for example, in the form of international experience, which evidently interrelates with the internal pull factor of the ambition to enlarge students' international experience – on top of the *sole* delivery of information. Related to this point, there are various private players, including corporations, offering free information (Ernst & Young 2012). Intertwined with that, there are competitive pressures not only by other higher education institutions but also by new market spaces, and reputation increasingly gains importance (Seristö 2022). The economic drivers for higher education globalization are, at least in Europe, a result of insufficient government funding, which – as already pointed to earlier in substantiating this approach's focus on Europe – is especially prevalent in Europe (Gao 2015; Seristö 2022). Nevertheless, insufficient government funding was categorized as an obstacle to globalization, given the partially conflicting reasoning that a more problematic financial situation implies a decrease in globalization activities (Bennett and Kane 2011).

			Drivers/obstacles	Comments	Authors and date
Drivers	*Internal*	*Push*	Economic drivers, particularly strong need for foreign tuition	Seen as a way to compensate for the insufficient government funding (Seristö 2022); particularly relevant in Western higher education (Gao 2015)	Seristö 2022
		Pull	Ambition to enlarge students' international experience	Intimately related with many of the external push (and pull) drivers, particularly with the need to offer students an added value	Seristö 2022; Chan 2016
			International image building	Also this internal pull driver is certainly somewhat motivated by the external push (and pull) drivers	Seristö 2022
	External	*Push*	Availability of information	Information is readily available in various formats for free: higher education institutions are pushed to offer significant added value on top of the sole information delivery	Ernst & Young 2012
			Competition for money and talent: cross-border	Higher education institutions compete for money and talent beyond national borders, which can both act as a push and pull driver (perspective-dependent)	Ernst & Young 2012
			Student mobility	Student mobility is growing and may both act as a push and pull driver	Ernst & Young 2012
			Blurry line: university/company	Gone are the times that higher education institutions are the only players offering information: many companies take on similar roles	Ernst & Young 2012
			Demand by various stakeholders for increased international content	To illustrate, even alumni have certain expectations in that regard towards their former higher education institutions	Seristö 2022
			Competitive pressures/reputation	Not only by other higher education institutions but also by new market spaces (Ernst & Young 2012)	Seristö 2022
		Pull	Competition for money and talent: cross-border	Higher education institutions compete for money and talent beyond national borders, which can both act as a push and pull driver (perspective-dependent)	Ernst & Young 2012
			Student mobility	Student mobility is growing and may both act as a push and pull driver	Ernst & Young 2012
Obstacles	*Internal*		Higher education instutions' leadership	Leaderships' globalization views influence globalization efforts at large (Bennett and Kane 2011)	Seristö 2022
			Higher education institutions' regulations and incentives	Inflexibility, risk-aversion and missing incentives hinder globalization efforts	Seristö 2022
	External		Insufficient government funding	Particularly prevalent in Europe (Seristö 2022); a more problematic financial situation implies a decrease in globalization activities (Bennett and Kane 2011)	Seristö 2022
			Home country regulation	Home country regulation may not incentivize globalization efforts; challenge in aligning higher education globalization efforts with national funding regulations	Seristö 2022
			Misalignment: rationales for higher education globalization on national and institutional level	For example, social/cultural development and economic rationales	Knight 2004
			Significant gaps between countries in faculty wages	"Brain migration" to countries offering higher faculty wages (Altbach, Reisberg, and Rumbley 2009)	Seristö 2022

2. A non-exhaustive overview of some of the major drivers for and obstacles to higher education globalization. *Own illustration.*

Below, I will discuss trends and general information on higher education strategic alliances and mergers and acquisitions central to the understanding of the fourth and fifth chapter. Strategic alliances within higher education globalization are increasing, a trend that is likely to continue (Seristö 2022). Moreover, the longer the time span higher education institutions are making efforts towards globalization, the higher the effort invested into strategic alliances with precise goals – and since networks show a tendency towards more precise goals, they, too, constitute a noteworthy trend (Knight 2004). Also, as indicated in the introduction to this chapter, one may perceive an unambiguous, and likely growing, trend from strategic alliances associated with cultural to strategic alliances associated with economic goals; and as such, via tight bilateral or regional partnering, strategic alliances can reveal competitive advantage (Knight 2004). At this juncture, one must note that economic goals do not interfere with goals associated with academic excellence; rather, they go in tandem (Angervall and Kassie 2021). Ranking, reputation, brand and status play a pivotal role in higher education, universally and heavily shaping higher education globalization (Seristö 2022; Knight 2004; Brankovic 2018). Mergers and acquisitions in higher education globalization are also increasing – a trend that has many causes, some of which are reforms as well as environmental and economic factors (Cartwright, Tytherleigh, and Robertson 2007; Aula and Tienari 2011; Boling, Mayo, and Helms 2017). Yet, higher education mergers and acquisitions do not pose a new phenomenon (Capuccinello and Bradley 2020). More broadly, one must appreciate that, all over the world, the public sector is forced to decrease in size, which also impacts the mergers and acquisitions trend within higher education globalization (Boling, Mayo, and Helms 2017). Related to this point, there exist vast differences between forced and voluntary mergers and acquisitions in higher education – which come with notable consequences (Boling, Mayo, and Helms 2017).

The trend of both strategic alliances and mergers and acquisitions within, in concert with the strong drivers for, higher education globalization reinforces the present approach’s relevance.

4. Methodology

This approach is one of qualitative and holistic nature. An in-depth literature review has been carried out on the theory behind the allying versus merging or acquiring decision as well as on the context around and the drivers for higher education globalization. Subsequently, these findings have been thoroughly amalgamated. The *Multi-Page Table on Mergers and Acquisitions versus Strategic Alliances* and the *Research on Globalization of Higher Education Institutions and on Mergers and Acquisitions as well as Strategic Alliances within that Context* in the *Appendix* offer an insight into the amalgamation of the literature review. The two sides – the amalgamated theory on alliances versus mergers or acquisitions and the context around and drivers for higher education globalization – have then been combined. It has been examined what mode decision factors are in fact applicable to the higher education globalization setting, if a particular approach shall be followed, if the decision may change (over time) and how to rate relevant factors in terms of their importance to the final decision.

The basis of the amalgamated literature review on the context around and drivers for higher education globalization was built through analyzing an unpublished paper by Hannu Seristö (that is, Seristö 2022). Engrained in that paper are views on the matter by university leaders throughout the world. Hence, the paper substitutes direct interviews with university leaders. Moreover, a plethora of interviews is engrained not only in this but also in many more papers on the topic. Furthermore, I was offered the chance to have four meetings with Hannu Seristö, which can be seen as unofficial interviews in a broader sense; please consult the *Minutes of Meetings* in the *Appendix*. As a result, I decided to focus on combining the various findings of the multitude of interviews already conducted – and to address open queries directly to Hannu Seristö in our meetings – rather than to conduct further (official) interviews myself.

For a broader understanding, further secondary data regarding higher education globalization (drivers) apart from the academic literature, such as newspaper articles, has been scrutinized.

5. Findings

Potential for focused relationship with coinciding incentives – strategic alliance

According to the general literature on the mode choice decision outlined in chapter one, if firms could potentially build and maintain a focused relationship with coinciding incentives, they should choose to ally. This decision factor is highly important in the context of higher education globalization, and the mode choice remains the same – that is, strategic alliance.

First, as explained in chapter two, the longer higher education institutions undertake globalization efforts, the more they move towards strategic alliances with precise goals, thus laying the groundwork for a focused relationship. Second, the higher education globalization drivers of offering students a more international experience, of building an international image, as well as of providing general added value can all be met through a strategic alliance with a clear focus on the respective objective(s). Third, Gunn and Mintrom (2013) state that there are five factors that impact the chances for success of a strategic alliance, and four of those five success factors can be satisfied through a focused alliance combined with aligned incentives: unambiguous goals, explicit learning opportunities, high relevance given to the strategic alliance by both partners, that this relevance may be maintained over time – and that, also via adaptations to the strategic alliance. Fourth, Chan (2016) underlines the importance of alignment between higher education institutions' globalization undertakings and their overall goals. A focused relationship can certainly satisfy this aspect. Fifth, Li, Wilson, and Doran (2009) emphasize the significance of a long-term perspective and a clear roadmap when it comes to partnerships. Both these aspects can be covered through a focused relationship with incentives that do coincide. However, Ma and Ploner (2022) elucidate that there may also be risks associated with more focused relationships: On the one hand, partners might behave selfishly after all, particularly in light of the illustrated strong economic drivers; on the other hand, especially because of the deeper focus, partnerships are increasingly engineered by non-academics and may significantly neglect the human side as a result. What is more, even if a strategic alliance builds on perfectly aligned incentives between partners, that in itself cannot solve the potential misalignment between one partner's incentives and the respective national-level incentives that this partner is exposed to. Lastly, to be considered in the first place, focused alliances with coinciding incentives require higher education leadership willing to go down that path – and today, this still cannot be taken for granted.

It is very likely that this decision factor will gain in relevance over time since more higher education institutions will reach the *critical* stage in their globalization efforts to increasingly turn to alliances with clear objectives and since the drivers of providing a more international experience, creating an international image and offering added value in general will – in all likelihood – not diminish or even reverse in the years to come. This further implies that the decision to choose an alliance over a merger or acquisition on the basis of that factor is very unlikely to change in the next years, perhaps even the next one or two decades. At this point, an interesting future opportunity for higher education institutions may be added: strategic alliances between European and African institutions, which are still limited but show significant potential (Seristö 2022). Those alliances could benefit from a clear focus as well as from aligned incentives. Higher education leadership may well develop towards more openness to such opportunities and to globalization activities in more general, particularly if the globalization drivers become strong enough to incentivize, or even enforce, change in mindset. Increasing geopolitical tensions and conflicts constitute one noteworthy development that may hamper global higher education strategic alliances altogether.

When approaching a strategic alliance with the aim of a clear focus and aligned incentives, alliance partners shall include academics in the planning process and make sure not to neglect the human side, as that side is crucial – which is not highlighted enough in the more general management literature (Eckel and Hartley 2008). What is more, such strategic alliances are not static but dynamic and thus call for ongoing modifications (Ayoubi and Al-Habaibeh 2006).

High commitment requirements or coordination needs – objective-dependent

According to the general literature on the mode choice decision, if firms face high coordination needs or high commitment requirements, they should choose to acquire or merge. This decision factor is rather irrelevant in the context of higher education globalization, and the mode choice is objective-dependent and hence cannot be generalized.

The definition this approach applies to strategic alliances naturally implies some level of commitment requirement and coordination need given the attributes *systematic*, *close* and *opening core competencies*. In a similar vein, a focused alliance with aligned incentives, as elaborated in the previous paragraph, is also inherently associated with certain commitment requirements. As a consequence, choosing a merger or acquisition solely on the basis of high commitment requirements or coordination needs does not seem expedient. Still, if one takes the two factors to the extreme, arguments as to why higher education institutions are advised to acquire, or merge with, a partner if the commitment requirement or coordination need is immense can be readily found. Yet, as a general rule, whether to choose a strategic alliance or a merger or acquisition in the face of high commitment requirements or coordination needs greatly depends on the actual objective(s) pursued, and this is unlikely to change over time.

Soft, complementary or interdependent resources – strategic alliance

Hard, similar or redundant resources – case-sensitive

According to the general literature on the mode choice decision, if firms are surrounded by soft, complementary or interdependent resources, they should choose to ally; if firms face hard, similar or redundant resources, they should choose to merge or acquire. This decision factor is pivotal in the context of higher education globalization, and the mode choice for the former subfactor remains the same – that is, strategic alliance; the mode choice for the latter subfactor is case-sensitive and hence cannot be generalized.

First, there are various motives for higher education institutions to contemplate strategic alliances or mergers and acquisitions with respect to resource considerations. As such, one may think of educational offerings, faculty or campus considerations, or overhead costs. International image building, one of the internal pull globalization drivers, may also be mentioned here. Boling, Mayo, and Helms (2017) argue that the motives for mergers and acquisitions of higher education institutions do not significantly differ from those of corporations – pointing to cost savings through scale and scope economies. Second, resource-related alliance or merger and acquisition considerations are propelled by the forced decrease in size of the public sector, economic drivers, the necessity of providing added value, cross-border competition for money and talent, as well as competitive pressures. The decrease in size of the public sector suggests economies of scale or scope, whereas economic drivers may also promote cost savings but can just as well point to new business opportunities, such as fruitful educational offerings. Third, according to the general literature on the mode choice decision, if firms aim for cost savings in research and development, they should choose a merger or acquisition. Certainly, research and development in a corporate setting does not equal academic research. Yet, the question as to whether cost savings through economies of scale or scope in higher education globalization are worthwhile, and if they should rather be obtained via strategic alliances or mergers and acquisitions, is definitely an interesting one. Even though the literature provides certain succinct answers to both questions, Patterson (2000) expounds on the great complexity of these questions and recommends that scale and scope economies should be looked at from various different angles. What can be said with some level of certainty, at least, nevertheless, is that in the case of a merger or acquisition, the long time horizon until a newly merged higher education institution operates smoothly seriously calls into question the effectiveness of the scale or scope economies motive (Ahmadvand et al. 2012). Therefore, in the context of cost savings in higher education globalization through economies of scale or scope – generally associated with hard, similar and redundant resources – there is no general answer to the ally versus acquire or merge question. Rather, this choice should be taken on a case-by-case basis – not the least because every single acquisition and merger is unique and highly complex in its processes (Sułkowski, Seliga, and Woźniak 2019; Ahmadvand et al. 2012).

Fourth, when surrounded by soft, complementary or interdependent resources in higher education globalization, a strategic alliance turns out to be the most effective mode choice. The human side happens to be central in both strategic alliances and mergers and acquisitions in a higher education globalization context, arguably even more important than in a corporate (globalization) context. As such, Eckel and Hartley (2008) state that the human side in strategic alliances is at least as pivotal as any business-related aspect and that similarity with an alliance partner matters most due to the resulting adaptive ability of the alliance. Yet, extreme similarity seems to be counterproductive, according to Gunn and Mintrom (2013), who suggest finding the *sweet spot* between a somewhat similar partner and one that is still distinct enough to allow for learning opportunities. Cartwright, Tytherleigh, and Robertson (2007) elaborate on the human side in mergers and acquisitions in higher education and insinuate that even in positively associated mergers and acquisitions, employee stress cannot be entirely eliminated, and they point to the relevance of communication in a merger or acquisition process. Given the cross-border competition for talent and the resulting outside options for faculty members, faculty exodus poses a severe risk to any merger or acquisition attempt in higher education globalization. Strategic alliances, on the other hand, seem to offer the potential to not just limit that risk but to even leverage the vast potential associated with faculty collaboration. In a similar vein, complementary and interdependent resources can also be leveraged via strategic alliances, which relates to the elaborations on focused alliances.

The decrease in the size of the public sector in Europe is likely to intensify in the years to come, given the (macro)economic and political outlook. Closely related, also the economic drivers are likely to increase in strength. The other drivers – that is, the necessity of providing added value; cross-border competition for money and talent; the related faculty's outside option, the relevance of the human side in general and the faculty collaboration leverage potential – are all assumed to gain importance and remain the same direction as well. Hence, the decision factor may still gain relevance, and the mode choice decisions are likely to remain constant, at least in the near future. Yet, it is conceivable that in economies of scale and scope considerations, there may emerge a tendency towards strategic alliances on the basis of the substantial, particularly (post-merger) human side, risks associated with mergers and acquisitions and alliances' vast leverage potential. Thus, when approaching resource-related strategic alliances or mergers and acquisitions, significant importance should be given to human side aspects of all sorts, and in the case of a strategic alliance, the similarity-versus-distinctiveness sweet spot should be aimed for in the search for the most promising partner.

Strategic alliance experience – strategic alliance

Merger or acquisition experience – merger or acquisition

According to the general literature on the mode choice decision, if firms have strategic alliance experience, they should choose another strategic alliance rather than a merger or acquisition; if firms have merger or acquisition experience, they should choose another merger or acquisition. Further, this factor should not be treated as an ultimate decision factor. The factor is somewhat relevant in the context of higher education globalization; the mode choices and the proposal of not considering the decision factor an ultimate one remain valid.

First, mergers and acquisitions, as was pointed out already, and strategic alliances are unique. Yet, there is some learning curve associated with both higher education globalization mergers and acquisitions and strategic alliances. In particular, learnings regarding human side issues can be momentous since those issues appear highly relevant for both mode choices' success. Second, the learning curve for strategic alliances may be steeper than that for mergers and acquisitions as alliances tend to be associated with a clearer roadmap than their mode choice counterpart. Third, these learnings should not be taken for granted because processes must be in place to ensure that they reveal. Fourth, even if some learnings may certainly be fruitful, experience should not be used as a sole or final mode decision factor. Rather, experience and learnings shall be kept in mind while making a decision based on other, more central, factors. Fifth, some alliance experience may also be useful in mergers and acquisitions (which is in line with the general literature – that is, Villalonga and Mcgahan 2005); the reverse might not hold true. Still, alliance experience points to yet another alliance – and vice versa. Both the importance of experience as a mode choice decision factor and the mode choices will likely remain constant over time, as no globalization drivers are directly associated with, and no circumstances seem to substantially shape, experience or its value for either mode. For learnings to surface, higher education institutions should establish appropriate processes.

Imitation of competitors: ranking, reputation, brand and status – strategic alliance

According to the general literature on the mode choice decision, firms may imitate competitors in their mode choices (Ang, Benischke, and Doh 2015) – in particular, if alliance experience is scarce (Moatti 2009). In the higher education globalization setting, imitation can also occur but is restricted primarily to reputation or status purposes for European top-tier institutions. For those institutions, reputation, status, ranking and brand are crucial and point rather to strategic alliances. Yet, mergers and acquisitions should still be considered.

First, all higher education globalization drivers directly or indirectly promote strategic alliances or mergers and acquisitions for reputation and status purposes. To illustrate, greater reputation or status can benefit top-tier higher education institutions in providing added value on top of the information delivery – the stronger signaling that comes with the degree; in competing more successfully cross-border for money and talent as well as in withstanding competitive pressures. Second, status and ranking should not be perceived as an end goal; rather, they constitute a means to compensate for decreasing government funding or to reach other, higher-order, goals (Collins and Park 2016; Gunn and Mintrom 2013). Third, according to Brankovic (2018), status can be effectively signaled also through strategic alliances and not solely via rankings. Fourth, Baden-Fuller and Hwee Ang (2001) refer to a so-called *charmed circle* in the higher education reputation context because positive spillover effects may occur between status and access to resources – status facilitates access to vital resources, which subsequently fosters status again, and players exploiting this cycle form the charmed circle. The cycle's dynamics are in line with this approach's reasoning for focusing on top-tier institutions. Nevertheless, Baden-Fuller and Hwee Ang (2001) add that strategic alliances with higher-status institutions offer a way for lower-status institutions to enter the cycle and to access the associated positive spillover effects. Fifth, Cartwright, Tytherleigh, and Robertson (2007) underline the importance of status also for mergers and acquisitions, particularly in light of the economic drivers. Reputation and status are essential for and all-encompassing in higher education globalization, complicating a mode decision based on that factor. Yet, in sum, strategic alliances appear a more effective means to signal reputation and status than mergers and acquisitions, though the latter should still be seriously considered. Reputation, status, ranking and brand are likely to still increase in relevance, given an ever-growing offer of degrees from various institutions worldwide, associated with confusion and a greater weight put on appreciating actual quality and value through reputation and ranking.

High political, geographical or cultural distance – strategic alliance

According to the general literature on the mode choice decision, if firms face high political or geographical distance, they should choose to ally; if firms are surrounded by high cultural distance, they should choose to merge or acquire. This factor is certainly relevant in higher education globalization, and the mode choice decisions for all three subfactors for European top-tier institutions point to strategic alliances.

First, high political distance is particularly relevant when European top-tier higher education institutions consider globalizing to non-Western countries – such as to China, for example. Generally speaking, the political realities in many emerging economies can be very different from those faced in Europe. A merger or acquisition under such circumstances is associated with significant risk; a strategic alliance, on the other hand, may limit that risk. Second, this argumentation is in essence applicable also to high cultural distance. Third, high geographical distance and its associated risks (for mergers and acquisitions) can, but certainly do not have to, coincide with high political or cultural distance and their associated risks (for mergers and acquisitions). To illustrate, Australia is geographically very distant from European higher education institutions. Yet, politically, Australia is relatively close to European institutions. To revert back to the above reasoning, this does not imply that risk is entirely absent in the case of a merger or an acquisition between European and Australian higher education institutions. Rather, the nature of the risk shifts. Integrating people who are located on two opposing sides of the globe into one organization and organizational culture poses a major challenge. This is in line with Ahmadvand et al. (2012), who explain that high geographical distance leads to an increase in the time span of the merger or acquisition integration process. A strategic alliance can largely avoid this challenge. The challenges associated with strategic alliances under high political, cultural or geographical distance are restricted primarily to nurturing fruitful collaboration, which demands mutual respect, openness and understanding.

As globalization efforts increase and higher education institutions aim towards more focused, goal-oriented strategic alliances with aligned incentives, considering geographical, political and cultural distances, as well as associated risks and challenges, will become vital. Building effective processes for learnings in such partnerships to reveal will further be fundamental.

High or moderate uncertainty about industry competition: a given in higher education

According to the general literature on the mode choice decision, if firms assess the uncertainty with respect to industry competition as high or moderate, they should choose to ally. The mode choice following this decision factor is rather sector-specific. In the higher education globalization setting, moderate to high industry competition uncertainty is a given. Thus, no mode choice can be suggested based on that factor – yet, discussing it is worthwhile.

First, new competitors and market spaces are emerging, exposing higher education institutions to great uncertainty regarding industry competition. Moreover, competition does not only arise from other higher education institutions but also from various private players, which further intensifies industry competition uncertainty. Second, due to the positive trends of strategic alliances and mergers and acquisitions, which are reinforced by the strong higher education globalization drivers, competitive dynamics in higher education are continuously evolving. This requires a considerable deal of flexibility from higher education institutions and their leadership. Furthermore, Capuccinello and Bradley (2020) warn of a scenario in which the leadership of a merged institution could even be prone to self-important behavior. Therefore, higher education leadership plays a crucial role in dealing with these ambiguities. It is highly unlikely that industry competition uncertainty will diminish in the near future. Rather, it is conceivable that the uncertainty will increase even further. Particularly, the ever-changing competitive dynamics and uncertainty about new players and market spaces, along with strong (economic) drivers, constitute serious challenges to higher education institutions.

6. Discussion and Conclusion

What I have done

Based on an extensive literature review on what factors shape actors' strategic alliance versus merger or acquisition choice and a subsequent comparison and combination of these findings, I have introduced a general overview of the ally versus acquire or merge choice, derived key factors employed in previous studies preceding that choice, offered a table summarizing these factors and provided explanations accompanying that table. Thereafter, I have presented an overview of the context around and the drivers for higher education globalization as well as delineated trends and general information on higher education strategic alliances and mergers and acquisitions. Third, the two sides have been amalgamated. More specifically, it has been investigated what factors preceding the ally versus acquire or merge choice can be applied to the higher education globalization context, how to assess the overall relevance of each factor, whether or not the choice remains unchanged and if a particular approach should be pursued. It has been further analyzed whether the relevance or the mode choice may evolve over time. Elaborations on central aspects associated with the decision factors have also been offered.

Main findings

No black or white answer can be provided as to whether European top-tier higher education institutions shall, in any case, form strategic alliances or engage in mergers or acquisitions in their globalization efforts. Yet, all factors considered, one may well derive an unambiguous tendency towards strategic alliances: even though not all mode choice factors introduced in the first chapter could be applied to the higher education globalization context, the factors that were applicable by and large pointed to forging strategic alliances rather than to initiating mergers or acquisitions. Nevertheless, mergers and acquisitions must absolutely be taken into consideration as well in some instances: when facing hard, similar or redundant resources, when considerable merger or acquisition experience and associated learnings are present – though this factor should never be viewed in isolation or considered a final decision factor – and when status or ranking purposes prevail. The most relevant mode choice factors are the potential for a focused relationship with coinciding incentives, the nature of the resources in question – whether the resources are of hard, similar or redundant; or of soft, complementary or interdependent nature, status and ranking purposes and the extent of political, geographical and cultural distance. None of the mode choices based on these factors are likely to change in the short to mid run, given that the underlying higher education globalization drivers will, in all likelihood, not reverse. Rather, these drivers are assumed to increase in relevance over time, which in turn implies that the decision factors, too, will gain importance. Clearly, the various factors are substantially intertwined. Thus, any applicable factor shall be considered before taking a final mode choice decision. Further, I would like to underline once again that fruitful higher education globalization assumes a holistic strategy and shall focus on the long run. Pivotal aspects in higher education globalization – no matter the mode choice selected – are the human side, which may well decide over success and failure, and economic drivers. In the case of strategic alliances, equilibrating similarity and distinctiveness in the search for the most promising partner is suggested. Lastly, any alliance and merger are, after all, unique.

Implications

Leadership plays a key role in European top-tier higher education globalization since it must deal with considerable ambiguity with respect to ever-changing competitive dynamics, new competitors that can be both higher education institutions and private players and new market spaces. Also, higher education leadership must ensure that risks are being taken towards new and modern pathways, which are central to higher education institutions' long run success: even though some degree of feedback loop is present between a top-tier institution's status and vital resources to maintain that status, resting on that loop is dangerous. While enquiring such pathways, a balance between entrepreneurial flair and not losing sight of what is at the very heart of higher education institutions shall be striven for (Ernst & Young 2012; Altbach, Reisberg, and Rumbley 2009). To ensure that higher education leadership can live up to these great expectations, corporate managers with the relevant globalization competencies may be employed, or current leaders are offered the freedom to develop such competencies over time by trial and error (Seristö 2022). Either way, such measures are not really expedient unless processes are implemented that allow for central strategic alliance and merger and acquisition learnings (and equivalent learnings from other initiatives leveraged to follow such pathways) to reveal. Nevertheless, note that this is particularly relevant for strategic alliances since they are likely associated with a steeper learning curve and such learnings can be applied to future mergers or acquisitions to some degree as well. What is more, leadership and institutions as a whole may also significantly benefit from other service sectors and the industry in general via learnings (Seristö 2022) and through more intense relationships (Ernst & Young 2012). An often cited industry higher education institutions might take a closer look at is the airline industry. In light of the strong economic drivers, higher education institutions are suggested to adapt the nature of their relationships with government bodies from one overshadowed by contention over funds to one characterized by mutual advancement (Ernst & Young 2012). Seristö (2022) brings forward the chance that the path towards genuine global higher education institutions may be taken by means of deep alliances. –I agree; however, for that to materialize, higher education institutions must take the above-elucidated aspects to heart.

Limitations

To start with, the issues mentioned at the end of chapter one naturally pose limitations to this approach. Further limitations are that no differentiation has been made between mergers and acquisitions in general as well as between forced and voluntary mergers and acquisitions in particular. The focus on European top-tier higher education institutions, the rather narrowed definition of strategic alliances and the globalization rather than internationalization choice this approach has adopted must also be considered. Moreover, note that the interplay between different mode choice factors and associated drivers, circumstances and challenges is highly complex and its richness can never be fully captured. Relatedly, daring to encapsulate time dimensions as well as weightings of various factors further adds to this probability of error.

Future Research

First, based on the findings chapter, I would like to delineate several propositions that can be scrutinized in future research:

Proposition 1: If there is vast potential for focused relationships with coinciding incentives, higher education institutions shall form strategic alliances – and this is unlikely to change in the short to mid run future;

Proposition 2: If higher education institutions face high commitment requirements or high coordination needs, the mode choice is objective-dependent – and this is unlikely to change over time;

Proposition 3: If higher education institutions are surrounded by soft, complementary or interdependent resources, they shall choose to ally, and if they are surrounded by hard, similar or redundant resources, the mode choice is case-sensitive – and both are likely to remain constant over time, whereas in the case of scale or scope economies considerations, a tendency towards strategic alliances may emerge;

Proposition 4: Strategic alliances pose a more effective means to signal status and ranking than do mergers and acquisitions, though the latter shall still be genuinely considered;

Proposition 5: If higher education institutions face high political, geographical or cultural distance, they shall forge strategic alliances.

Second, focusing solely on *what should be done*, rather than mixing *what has been done* with *what should be done,* constitutes an intriguing avenue for future holistic approaches to mode choices in more general. Third, examining the ally versus acquire or merge question in higher education globalization based on push and pull drivers in isolation before amalgamating the two sides might also present an interesting approach as it could shed light on key disparities. Fourth, this approach assumes that political and cultural distance can be grouped together in higher education globalization, which opens doors for future research to assess if this is true.

Contributions

This approach contributes to the growing literature on the ally versus acquire or merge issue by providing an overview of what ally versus acquire or merge choice to take based on critical decision factors employed in previous studies. Relatedly, it sheds light on various multi-layer differences underlying previous studies and amalgamates those differences with the decision factors and the suggested final choice based on these factors. This approach further offers an overview of the most pivotal drivers for and obstacles to higher education globalization. The former have been subdivided into *push* and *pull*. Through a combination of the general mode choice literature and the context around as well as drivers for higher education globalization, answers as to what mode choice should be taken based on decision factors applicable to that context, how to rate the overall relevance of such factors and how the choice and relevance of those factors will likely develop over time could be presented. Based on these answers, vital implications – particularly regarding higher education leadership – could be formulated. The answers further allowed me to tease out propositions that can be tested in future studies.

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Appendix

Multi-Page Table on Mergers and Acquisitions versus Strategic Alliances

This table is inspired by: Ego, P. (2022). Build, buy, or partner? A systematic literature review on the choice between alternative modes of growth. *Management Review Quarterly*. https://doi.org/10.1007/S11301-022-00280-X

Focal firm perspective	**Internal factors**	**Resources**	*Dyer, J. H., Kale, P., & Singh, H. (2004). When to ally & when to acquire.* Sample: No explicit sample	**A)** [1] Interdependent resources (modular synergies): nonequity **alliance.** **B)** [1] Sequentially interdependent resources (sequential synergies): equity-based **alliance.** **A)** Similar/redundant resources: 1) [2] hard resources: **acquisition**; 2) [1] soft resources: equity **alliance**; 3) [2] extensive redundant resources: **acquisition** (even if resources are soft).
			Capron, L. (2016). Strategies for M&As: when is acquisition the right mode to grow? Based on literature review	**A)** If firm and partner have focused relationship with limited points of contact and if they can align incentives: **alliance**. **B)** If coordination needs are high (many parts of partner organization involved) or if different strategic needs: **acquisition**; because cost and difficulty of collaboration (too) high. **C)** If acquiring firm has capability to integrate target firm to appropriate extent and within reasonable timeframe: **acquisition**.
		Performance	*de Man, A. P., & Duysters, G. (2005). Collaboration and innovation: A review of the effects of mergers, acquisitions and alliances on innovation.* Based on literature review (solely including large-scale empirical studies)	**A)** [4] If goal is to increase innovative performance: **alliance**; optimally in combination with (i.e., enhances the effect) 1) firms with similar knowledge base, 2) intense partnerships and 3) [5] increased alliance capabilities. **B)** [4] Iff goal is cost savings in R&D: **M&A**.

[x] = authors agree / [x] = authors disagree / none = authors neither agree nor disagree; one sole/additional viewpoint

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		Strategy	*Sawler, J. (2005). Horizontal alliances and the merger paradox.* Based on theoretical model	**A)** If choice between horizontal alliance (where partners cooperate in production or development but market the resulting product independently) or horizontal merger: **alliance**; because 1) realization of savings from combining some of the operations while 2) preventing market share from shifting to non-merging parties (as the firms remain competitors).
			Borah, A., & Tellis, G. J. (2014). Make, buy, or ally? Choice of and payoff from announcements of alternate strategies for innovations. Sample: 192 firms across 108 industries over five years (worldwide)	**A)** [44] If firms want to innovate: **alliance**; announcement of alliance yields positive returns on stock market. **B)** Decision to acquire yields negative returns; if acquisition is the only choice available: acquire innovations related to current capabilities and with high customer benefit and develop acquisition experience.
		Experience	*Dyer, J. H., Kale, P., & Singh, H. (2004). When to ally & when to acquire.* Sample: No explicit sample	**A)** [2] Prior collaboration competencies as a function of experience relevant, but not decisive for final choice (rather capabilities to manage both alliances and acquisitions crucial).
			Villalonga, B., & Mcgahan, A. M. (2005). The choice among acquisitions, alliances, and divestitures. Sample: 9276 deals by 86 members of Fortune 100 between 1990–2000	**A)** [26] If a firm possesses acquisition experience: **acquisition**; this is further supported by the finding that a firm's diversification level (resulting from prior acquisitions) is associated with the choice of an acquisition over an alliance.

[x] = authors agree / [x] = authors disagree / none = authors neither agree nor disagree; one sole/additional viewpoint

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				B) [2,5] If a firm possesses alliance experience: **alliance**; however, not significantly more than acquisition. **C)** If a firm has recently allied: **alliance**; the same does not hold true for acquisitions. **D)** [7] If a firm has (significant) prior alliance experience with a specific partner: **alliance with that partner.**		
	External factors	**Macroenvironment**	**Country**	**Home**	*Ang, S. H., Benischke, M. H., & Doh, J. P. (2015). The interactions of institutions on foreign market entry mode.* Sample: 673 cross-border acquisitions and alliances by MNCs from manufacturing sector of six emerging economies over period 1995-2008 (Findings expected to apply to MNCs from developed countries)	**A)** If firm from emerging economy (likely to hold true more generally): Publicly listed firms more likely to engage in **acquisitions** than alliances; because of increased publicity and decreased risk in developing visibility and brand (consistent with prior research). **B)** [2,6] If firm from emerging economy (appears to be true in general and consistent with prior research, too): acquisition experience positively associated with subsequent acquisition choice.
					Garette, B., & Dussauge, P. (2000). Alliances versus acquisitions: Choosing the right option. Sample: 256 international alliances	**A)** [2] If European firms want to achieve an efficient size (scale economies): **M&A** – and limit scale alliances to preliminary steps towards full integration; because scale alliances will be limited as 1) all decisions need

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This table is inspired by: Ego, P. (2022). Build, buy, or partner? A systematic literature review on the choice between alternative modes of growth. *Management Review Quarterly*. https://doi.org/10.1007/S11301-022-00280-X

						consensus and 2) alliances must remain reversible. **B)** [1] If European firms want to access complementary capabilities as well as new markets: global **alliances** outside of Europe; because of 1) lower risks, 2) lower costs and 3) greater opportunities to learn valuable skills (relative to M&A choice).
				Target	*McCann, B. T., Reuer, J. J., & Lahiri, N. (2016). Agglomeration and the choice between acquisitions and alliances: An information economics perspective.* Sample: > 1,100 alliance and acquisition transactions in US semiconductor industry	**A)** If firm co-located (or co-locates) to target firm: **acquisition**; because of lower level of information asymmetry.
					Moalla, E., & Mayrhofer, U. (2020). How does distance affect market entry mode choice? Evidence from French companies. Sample: 203 interfirm linkages formed by French multinationals with partners across the world	**A)** If target firm country's administrative distance (i.e., political distance measured through government effectiveness) high: **alliance**.
			Social and cultural	*Ang, S. H., Benischke, M. H., & Doh, J. P. (2015). The*	**A)** If cultural distance increases, so does the	

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				interactions of institutions on foreign market entry mode. Sample: 673 cross-border acquisitions and alliances by MNCs from manufacturing sector of six emerging economies over period 1995-2008 (Findings expected to apply to MNCs from developed countries)	choice of cross-border **acquisitions** vs alliances. **B)** However, if <u>geographical</u> distance increases, the choice of acquisitions vs **alliances** decreases (i.e., choice of alliance). **C)** Note: this seems to suggest that geographical distance does not go hand in hand with cultural distance (–which makes sense).
			Political and legal	*Ang, S. H., Benischke, M. H., & Doh, J. P. (2015). The interactions of institutions on foreign market entry mode.* Sample: 673 cross-border acquisitions and alliances by MNCs from manufacturing sector of six emerging economies over period 1995-2008 (Findings expected to apply to MNCs from developed countries)	**A)** First, cross-border acquisition and alliances are both positively influenced by **behavior of other organizations** (i.e., their choices of ally vs acquire). **B)** Second, as <u>regulatory distance</u> increases, mimicking those firms becomes more imperative. **C)** Third, behavior of local firms offers relatively more information than does behavior of foreign firms (how to meet expectations of local regulatory institutions) – i.e., increase in regulatory distance increases likelihood to mimic local firms.

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					D) Fourth, regulatory factors may also reflect normative factors – i.e., firms may obtain normative and regulatory legitimacy by adhering to regulatory institutions. **E)** Note: mimicking of previous market entrants' behaviors used to signal responsiveness to local regulatory environment.
		Microenvironment	**Industry**	*Dyer, J. H., Kale, P., & Singh, H. (2004). When to ally & when to acquire.* Sample: No explicit sample	**A)** [3(3)] If high or moderate uncertainty: nonequity or equity **alliance**.
				Xiaoli, Y., & Shanley, M. (2008). Industry determinants of the "merger versus alliance" decision. Based on literature review	**A)** Low flexibility requirements [flex] (=uncertainty), low commitment requirements [req], low structural and institutional constraints [const]: Market transactions (=**neither M&A nor SA**). **B)** Low flex, low req, high const: **SA.** **C)** [3] High flex, low req, low const: **SA.** **D)** [3] High flex, low req, high const: **SA.** **E)** Low flex, high req, low const: **M&A.** **F)** Low flex, high req, high const: **SA.** **G)** [(3)] High flex, high req, low const: **SA <u>and</u>**

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					M&A; firms will tend to imitate other firms' choices for M&A or SA within that sector due to conflicting demands (high flex vs req). **H)** [3] High flex, high req, high const: **SA.**
			Competition	*Dyer, J. H., Kale, P., & Singh, H. (2004). When to ally & when to acquire.* Sample: No explicit sample	**A)** If high or moderate uncertainty: nonequity or equity **alliance.** **B)** If there are rivals for potential partners: **acquisition.** BUT: **C)** If degree of uncertainty very high: **alliance**.
				Moatti, V. (2009). Learning to expand or expanding to learn? The role of imitation and experience in the choice among several expansion modes. Sample: 83 firms from retail industry from 1984 through 2003	**A)** If experience in alliances is lacking: **imitation of competitor.**
Inter-firm perspective	**Resource similarity and complementarity**	*Lihua, W., & Zajac, E. J. (2007). Alliance or acquisition? A dyadic perspective on interfirm resource combinations.* Sample: Largest firms in the US; excludes highly diversified firms	**A)** [12] The higher the resource similarity between two firms, the greater the likelihood of an **acquisition** than an alliance between them, due to 1) synergy considerations, 2) conflict potential, 3) cooperation risks and 4) information asymmetry. **B)** [1] The higher the resource complementarity between two firms, the greater the likelihood of an **alliance** than an acquisition between them, due to 1) exploiting each		

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			other's expertise and 2) information asymmetry. **C)** Note that both have a positive relationship with either type (just much stronger/more significant with what has been described).
	Combined relational capabilities (Alliance capability and acquisition capability [as a function of prior related experiences])	*Lihua, W., & Zajac, E. J. (2007). Alliance or acquisition? A dyadic perspective on interfirm resource combinations.* Sample: Largest firms in the US; excludes highly diversified firms	**A)** [25] Combined alliance capabilities 1) increase the likelihood of an alliance, 2) increase the likelihood of an acquisition, 3) have a stronger positive relationship with the likelihood of an **alliance** than an acquisition; because of 1) general knowledge in dealing with other firms and 2) knowledge specific to alliances. **B)** [26] Combined acquisition capabilities 1) increase the likelihood of an **acquisition** BUT 2) may discourage two firms to ally; because general knowledge gained from prior acquisitions appears insufficient to encourage firms to engage in an alliance (nature: one vs both interests considered).
	Partner-specific knowledge (As a function of reduced information asymmetry, increased trust and specific routines for problem solving and learning; transaction- and non-transaction-specific knowledge)	*Lihua, W., & Zajac, E. J. (2007). Alliance or acquisition? A dyadic perspective on interfirm resource combinations.* Sample: Largest firms in the US; excludes highly diversified firms	**A)** [7] Partner-specific knowledge of two firms in alliances developed from prior dyadic alliance experience 1) increases the likelihood of an alliance, 2) increases the likelihood of an acquisition and 3) has a stronger positive relationship with the likelihood of an **alliance** than an acquisition; because of 1) rich information and 2) trusting relationships; sufficient

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			general knowledge for both types. **B)** Partner-specific knowledge of two firms in acquisitions developed from prior dyadic acquisition experience 1) increases the likelihood of an **acquisition**, BUT 2) does not increase the likelihood of an alliance; because of insufficient general knowledge. **C)** Note that those results go hand in hand with "combined relational capabilities"; both general and specific knowledge can occur, and detailed information is bound to that specific relationship.

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HE Internationalization and M&A and SA cases within HE Internationalization

HE Internationalization

1. Definition; measurement; phenomenon; etc.:
    a. **Measurement:** Times Higher Education (ranking of 200 most international universities): [4]Proportion of international staff, of international students and of research papers published with at least one co-author from another country
        i. Small countries top positions in ranking
    b. Heitor (2015): Internationalization vs globalization
        i. Internationalization associated with academic cooperation, individuals' mobility, and knowledge transfer (Marginson et al. 2002)
        ii. Globalization associated with university competition and market steering (many authors)
        iii. Hence, using *internationalization* rather than *globalization* seems reasonable
    c. **Definition and terminology of HE internationalization**: Gao (2015); Woodfield (2017), not found [the latter with particular emphasis on strategic partnerships[1]]
        i. Gao (2015):
            1. Comparable elements of internationalization across cases and contexts
            2. Three key elements (Knight 1997): motives, strategies, approaches
                a. Analyzed theoretically and from practitioners' perspectives
                b. An integration of both sides yields the follow findings:
                    i. Main driver for internationalization: pursuit of academic excellence – intertwined with aspiration to gain competitive edge and worldwide reputation[7] and to build world-class universities
                    ii. **Internationalization multi-faceted phenomenon: need for comprehensive approach**; diverse dimensions closely related to, and interact with, each other
    d. **Main forms of internationalization: mobility of students and of faculty**[4] *(H)*
        i. Internationalization can happen at home or cross-border; the two approaches are different, though not mutually exclusive (Knight 2004)
        ii. Past research focused on these two aspects (mobility of students and faculty):
            1. Bennett and Kane (2011): Internationalization of UK university business schools' practices
                a. Two primary motives for internationalization: desire to attract more foreign students[4] (especially among universities that depend heavily on students from overseas for financial survival – **economic motives**[9]) and **leadership's beliefs** that domestic (UK) students benefit from completing internationalized curriculum[11]
            2. Bartell (2003): University culture and internationalization
                a. **University characteristics** of complexity, high degree of differentiation, multiplicity of units and standards, autonomy of professors, control and management philosophies and mechanisms do not enhance but **impede internationalization**
            3. Collins et al. (2014): Role of foreign students in development of Asian regionalism in the case of Singapore
            4. Yeoh et al. (2014), PDF not available: Globalizing universities also from perspective of internationally mobile students and language
            5. Levatino (2016): Going abroad for studies vs transnational education mechanisms by foreign universities – different segments of students

[1]Partnering / Alliance; [2]Personality in partnering; [3]Satellite campuses; [4]Student and faculty mobility; [5]No truly global players; [6]Demand for university education; [7]Reputation / brand; [8]Foreign country incentives; [9](Government) funding issues; [10]Regulations / rules; [11]University leadership ; Hannu's research synthesized ; Mischa's research ; literature review ; general research ; **of particular importance for thesis**

6. Nguyen et al. (2020): Post Covid-19 – hardships of foreign students in Australia during pandemic, call for more host government support
7. Koris et al. (2021): International students' perceptions of transition to online learning while studying abroad – knowledge transfer reduced

e. **International dimension of HE as phenomenon**: Altbach et al. (2007; 2009) and Knight (2004)

f. Challenges and opportunities of HE internationalization in OECD countries: Van der Wende (2007) – scenarios for the next decade (, and hence today in the past)

2. Stages of internationalization; global scale:

a. [4]University education **export as key component** in university internationalization *(H):*
   - i. **Growing strongly** *(H)*
   - ii. **Relevant for economies** (Australia: HE 4th largest export industry *[UWN]*) *(H)*
     1. Also underlined by Altbach and Knight (2007) or Davis (2003), respectively
   - iii. Through distance and online learning; **branch campuses negligible** *(UWN)*
     1. **Performance of foreign satellite campuses leave room for improvement[3]** (*Leisha Chi, BBC News, 2015*)
        - a. Also, fear of falling standards and over-commercialization (case: Nigeria closed all university satellite campuses, 2001)
        - b. Yet, apart from (financial) performance, satellite campuses may fulfill – and succeed in – **other important aspects**, such as knowledge-based regional development (Conlé et al. 2021)
        - c. Chadee and Naidoo (2008): To be internationally competitive on a sustainable basis, offshore campuses shall be highly specialized in specific areas where particular institutions build on their existing global reputation for excellence in these areas
        - d. Satellite campuses no route to quick, easy riches; factors that may make satellite campuses a success: honest and realistic planning, long-term commitment through management teams at satellite campus, broad-based stakeholder support, alignment with core objectives (Nigel Healey, THE, 2022)
          - i. Alignment with core objectives implies **sole financial motivations make satellite campuses unsuccessful[9]**
            1. **Again – central question: (sole) economic vs other motives in HE internationalization**
   - **iv. English language countries have an inherent language advantage *(H)***
     1. Also discussed by Altbach and Knight (2007
     2. Highlighted also by Chadee and Naidoo (2008)
   - v. Past research: Chadee and Naidoo (2008); Knight (2002); Naidoo (2010); Schatz (2015) [education export landscape in case of Finland]

b. (*H*) Four stages of internationalization in business research: domestic, [4]export, [1]contractual, [5]global:
   - i. **[4]Most universities export** (i.e., foreign students coming here)
     1. Export stages very extensively discussed (incl. background) by Chadee and Naidoo (2008)
   - ii. **[1]Many contractual** (e.g., double degrees, joint research)
   - iii. **[5]Global: none truly global as per definition** (at least **not yet**)
     1. However, **between 2022 and 2027 expected that a small number of elite, truly global university brands will emerge**, which will include Ivy League and Oxbridge institutions along with some (C9) Chinese elite institutions (Ernst and Young 2012)

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3. Recent developments:
    a. Actions and plans by numerous universities in different parts of the world to set up overseas branches[3] (and to build / strengthen partnerships[1]) (*H*):
        i. UK: Some UK universities very active in internationalization – **key driver: strong demand from foreign markets[4]** such as Greece *(H)*
        ii. [1]Asia: Chinese universities have been active in building partnerships with Western top universities – Chinese C9 mainly with top UK universities *(H)*
            1. Collaboration with top Western universities necessary to boost innovation as China moves from being a manufacturing economy up the value chain; as a result, reform to further open education (Yojana Sharma, University World News, 2016)
            2. However, there are **critical voices demanding that Western universities cut partnerships with Chinese universities altogether considering China's divergence from the West and Western values** (Salvatore Babones, Foreign Policy, 2020)
        iii. Australia: Third most popular destination for international tertiary students – strategy to remain leader in that respect, with three pillars: strengthening fundamentals, transformative partnerships[1], competing globally *(H)*
        iv. South Korea: Initiatives in (foreign universities to South Korea) and outside the country (South Korean universities to foreign countries) (*H + other)*
        v. [9/10]European universities to Asia: **Presence very limited mainly due to rigidity of regulation by home government and insufficient funding** (*H*)
        vi. [3]Western universities to Middle East: Several satellite campuses in Middle East by American and European universities – e.g., Qatar strongly invests (*H*)
            1. [9](*H/UL*) Middle East and Asia: incentives for European and US universities not unnoticed, however: **going to a certain market primarily for financial reasons associated with mixed feelings**
                a. Altbach et al. (2009): that, combined with income from other (non-core) sources, may **contribute to commercialization of institution and conflict with university's traditional roles**
        vii. Africa: Vast potential and interest (e.g., Nigeria) for higher education, yet relatively few universities (from e.g., Europe) have become active there (*H*)

4. Pressure for change due to development in surrounding society (external) – drivers of change:
    a. *Ernst and Young (2012):*
        i. Information / knowledge availability (incl. digital technologies)
        ii. Cross-border competition for money and talent
        iii. [4]Student mobility and awareness of opportunities abroad
        iv. University–company: blurring line
    b. *Seristö (2013) PDF not found (maybe cite as was cited here) [complementary]:*
        i. [6]Growth of global demand for university education
        ii. Globalization of university education markets
        iii. [6]Expectations by employers regarding global competencies of graduates
        iv. [10]Deregulation of university sector in many countries
        v. [9]Decrease in public sector financing – pressure for new sources of funding
            1. Also underlined by Altbach and Knight (2007) and many others – again: commercialization and possible conflicts associated with it
        vi. Development in knowledge distribution technologies
        vii. [9]North American and European universities challenged: strong investment in universities by many Asian countries – very relevant
    c. (*H*) Strong internationalization of universities as response to drivers / challenges
        i. Conclusion in many studies on universities – e.g., Bartell (2003)
        ii. [5]University education very international "industry" without any multinational or truly global players – again: not yet (see b. iii.)

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5. (*H/UL*) Forces that impact university internationalization and their respective weight (#):
    a. **Not necessarily similar in all countries**
    b. <u>External</u> forces that <u>drive</u> university internationalization:
        i. **[6]Demands by students, employers, partner firms, donors, and governments for more international content (3)**
            1. **Demand side factors: different factors influence students from different countries differently (Chadee and Naidoo 2008)**
                a. **Hence, to be successful in marketing education services in various markets, important that HE institutions customize marketing strategies to specific needs of different markets**
            2. Also: expectations by alumni
            3. **Key force in most places**
                a. Even more in **Asia: universities = national pride**
        ii. **[7]Competitive pressures by other universities: reputation; global brand and image (2) [from my own research, it could even be a (3), also due to increasing importance and weight]**
            1. **Ernst and Young (2012) and other authors: Not only by other universities but also new competitors and market spaces**
        iii. Changing demographics (Knight 2002 and others)
        iv. Surrounding world is increasingly global (2)
        v. **[8]Foreign country incentives (1)**
    c. **<u>External</u> forces that <u>hinder</u> university internationalization:**
        i. **[9]Insufficient funding by governments, especially in Europe (3)**
            1. Activities abroad without funding of national government and chamber of commerce not possible
                a. Bennett and Kane (2011): The <u>more problematic an institution's financial situation</u>, the <u>lower the level of internationalization</u> **<u>and the more gradualistic</u> the business school's approach**
                b. Cause: "social contract" between HE and society at large fundamentally restructured as numbers of students increase dramatically – **public to private good** (Altbach et al. 2009)
                c. **Altbach et al (2009): Trend of lower funding by governments likely to continue**
        ii. **[10]Regulation in home countries (3)**
        iii. **[9/10]Presence of misalignment between national vs institutional level rationales for internationalization** – particularly in rationales of emerging importance (national building and social / cultural development vs branding and income generation) (Knight 2004); **closely linked with next factor:**
        iv. **[9/10]Difficulty in aligning globalization with rules of national funding mechanisms (2)**
        v. Big differences in the cost and compensation levels for faculty between countries (2)
            1. **Altbach et al. (2009): Brain migration to countries that pay more**
    d. **<u>Internal</u> forces that <u>drive</u> university internationalization:**
        i. **Willingness to enhance international experience in education (3)**
        ii. **[7]Ambition to build image of being international (3)**
        iii. **[9]Seeking complementary revenue from foreign tuitions (2) [from my own research also this factor might get a (3), especially in Europe]**
            1. [10]In light of diminishing funding by government: increasing international education provision = way to secure revenues
                a. Also shown by Gao (2015), however **applies primarily to Western universities, less of a concern in e.g., Asia**
                b. **Consequence: distribution of world's wealth and talent further skewed** as the ones able to make use of those

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opportunities are typically the wealthiest and otherwise socially privileged (Altbach et al. 2009)

iv. [1]Seeking research synergies from closer partnering (1)

v. [1]Seeking to enhance quality of education through international partnering (1) [from my own research it might increase in importance and thus even get a (2)]

e. <u>Internal</u> forces that <u>hinder</u> university internationalization:

i. [11]University leadership's limited experience of international business (3)

1. **Differences in strategic mindset of university leadership – key variable** affecting energy and resources put into internationalization
   a. The closer the link between university and corporations and the more industry experience among university leadership, the more likely university to engage in international projects
   b. (UK) Senior managers' internationalization perspectives impacted internationalization **extent, intensity, and degree of curriculum internationalization** (Bennett and Kane 2011)

ii. Faculty's disinterest and their questioning of value of internationalization (2)

1. Also: division of labor not popular in faculty of "home campus"

iii. [10]Rigidity of university rules and regulations – missing flexibility (2)

iv. [10]University rules deter from risk-taking (2)

v. [10/11]No short-term incentives for university leadership to invest in internationalization (2)

vi. [11]University leadership typically not trained to deal with challenges brought about by cultural differences between countries (2)

vii. [1]Partner universities: building own presence in partner university's country may be seen negatively (*factor from Hannu's research added here*)

6. First vs second tier (and private vs public) universities:

a. *(H)* Universities in very different positions when it comes to the pressures to be more globally present:

i. Major division between private and public universities

1. [7]Top (tier) universities have enormous brand appeal and can expect the world to come to them – rather than going to the world; [9]they have huge financial reserves (money and abundance of faculty) and can easily build foreign campuses[3] if wished
   a. Focusing on top tier universities seems reasonable:
      i. Gao (2015):
         1. **Most active and powerful players in process of internationalization compared with other types of universities** (Geuna 1998)
         2. Access to relatively sufficient resources that allow them to **develop holistic approach in implementing the international strategies, targeting and achieving multiple dimensions of internationalization at the same time**
2. [7]Second tier universities (ranking outside the top 30 of the world, or so) increasingly feel pressure to go global in one way or another

ii. Generally: for many universities a more international or global presence would provide many opportunities to enhance value and improve efficiency in the long-term [especially long-term perspective completely in line with my own research]

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7. **Governments and policies:**
   a. (Helms, 2015, not found) **Five main categories of policies for university internationalization:**
      i. [4]Student mobility
      ii. [4]Scholar mobility and research collaboration
      iii. [4]Cross-border education
      iv. [4]Internationalization at home
      v. [10]Comprehensive internationalization policies
   b. **[9/10]National level policies do not necessarily match perfectly with individual university's goal – funding of activities often a challenging issue (*H*) – again**
   c. **[10]Successful internationalization of HE requires better dialogue at national policy-making and institutional level (Helms and Rumbley, 2016) – also that: repeated**
   d. [10]Past research on role of governments and policies on HE:
      i. Laming (2001): Australian experiences
      ii. Knight (2013): impact of policy changes
      iii. Buyn and Kim (2014): government policies; South Korea; patterns and their change
   e. **[9/10]Role of national interests and significant public government funding as prominent factors for differences between HE and other industries (*H*) (see also 8.a.i.)**

8. *(H)* What to do to advance internationalization (in line with Seeber et al (2016) [especially regarding internal forces]; Larsen (2016) [forces and motivations to internationalize]):
   a. **[1/5]Evolution towards truly global universities may well develop through increasingly close and tight partnerships or alliances (also my impression)**
      i. Partnering: learnings from other service sectors – especially airline industry
         1. **Airline industry as interesting reference for HE**
            a. **Many sources agree on that**
         2. **Also, M&A using reference of airline industry (Alex Usher, Higher Education Strategy Associates, 2011)**
         3. **[4]Yet, HE different from other service sectors w.r.t. export services: intimately associated with development of national institutional capabilities deriving strengths from accumulation of qualified human resources and from institutional participation in, and recognition from, international academic and research networks**
      ii. **[7]Guarding high-ranking university's own brand of utmost importance**
         1. [1]Possible hindrance to forming very visible alliances
   b. Future business models need to include which customer segments to focus on, what products or services those customers need, optimal channels to market and the ideal role of the university within the education and research value chains (Ernst and Young 2012)
   c. Universities increasingly run like corporations, while seeking to maintain freedom of inquiry and academic rigor – which is what their long-term reputation depends on[7] (Ernst and Young 2012)
   d. Follow closely what is happening in the market
      i. **New kind of actors may appear and challenge current universities**
         1. **E.g., online players, management consulting firms, etc.**
         2. **Also underlined by Altbach and Knight (2007)**
         3. **Actors and market spaces (Ernst and Young 2012)**
   e. **Keep international issues high on university agenda on many levels**
   f. **[9/10]Collaborate with government and industry with aim of lessening regulation and securing more funding – again: repetition**
      i. And all actors shall clearly articulate their motivations for internationalization since policies, programs, strategies, and outcomes **all linked and guided by explicit and even implicit rationales** (Knight 2004)

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ii. **Relationship between higher education sector and industry will deepen**: industry will be customer, key partner and competitor (Ernst and Young 2012)
iii. **Relationship with government will need to evolve from "fight for funds" to partner for nation's future** (Ernst and Young, 2012)
    1. **Role of public good** (Ernst and Young 2012)
iv. **Heitor 2015: Universities may play an increasingly relevant role in modern societies if their internationalization and specialization path is understood as a key element in a new era of international affairs, where governments and industry intervene through knowledge**

g. **[11]Inform and even educate university management and faculty about pressures and opportunities of internationalization**
h. **[11]Recruit leaders from industries with experience in international strategy, management**
i. **Learn by doing: long learning process – uncertainties and mistakes must be tolerated**

9. (Dima and Vasilache 2016) **Trends in internationalization of European HE** (+ good lit. rev.)
    a. **At the European level, internationalization process not only educational issue** but also many implications in all areas: most countries developed internationalization strategies in education with various implications for all policies at national level
    b. Grouping of HE systems based on four indicators (convergence or divergence?):
        i. Developed conservatives (low change levels in behavior): significant financial support to students abroad; low levels of mobility – strong economies (support) and educational systems (stay home) (e.g., UK, Italy, Sweden, Germany)
        ii. Developing globalizers (Catch up w.r.t. relocating students and professors abroad): moderate financial support to students abroad; high levels of mobility (Slovenia, Netherlands, Lithuania, Hungary)
        iii. Expanders (focused on outgoing fluxes of students and staff): low financial support to students abroad; high levels of mobility and extensive relationships with rest of the world (Belgium, France, Malta, Romania)
        iv. Expectants (likely to change for better or worse in next decade): low financial support to students abroad; low levels of mobility (e.g., Austria and Bulgaria)

10. Background: Best universities have always been somewhat international and attracted students and scholars from foreign countries *(H)*
    a. Also underlined by Altbach and Knight (2007) and Altbach et al. (2009)
    b. **Yet, business or commercial side of education (internationalization) relatively new and growing (Knight 2002, and others)**
    c. Historical background also extensively discussed by Chadee and Naidoo (2008)
    d. Knight (2002): Trade liberalization increasing impact and importance for education services, especially higher and adult education

11. Post Covid: Challenges vs opportunities – Altbach and de Wit (2021)
    a. **Inequality likely to rise** and mental health increases in importance post pandemic (many sources)

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M&A and SA (including cases) within HE Internationalization

12. [1]Partnering / strategic alliances:

a. *(H)* Increasing cross-border partnering (joint degree programs crucial role)
   i. (*H/UL*) In line with views by university leaders
   ii. Likely to grow as pressure to globalize increases
   iii. Eckel and Hartley (2008): Academic institutions have little slack to innovate, which may suggest any useful activity with a trusted partner worth considering
   iv. Chan (2016): Fastest growing area of international university cooperation: joint course offering through the Internet or offshore programs
   v. Dai (2018): Cross-border partnerships deeply affected by university and environment interaction
   vi. Gunn and Mintrom (2013) speculate that carefully managed global alliances will become significant entities in the ecology of global higher education (even as competition intensifies and universities engage in many of other kinds of partnerships and alliance) with the intent of formalizing learning opportunities, creating exchange pathways, and promoting international collaborations
   vii. Bunnell (2006): Fundamental paradigm shift emerging within education towards greater collaboration, networking, and partnership
      1. Will need to involve a fundamental shift in the organizational and leadership culture of many internationally minded schools
   viii. Business schools pave the way (especially with / due to MBAs)
      1. (*H/UL*) General difference between disciplines: B-schools at forefront of internationalization, due to:
         a. Pressure and willingness to go international
         b. [9]Greater autonomy in terms of finances and risks
         c. Success of business school often fundamental to an entire university's financial well-being (Bennett and Kane 2011)
         d. Internationalization more prevalent in large business schools and old universities (UK: Bennett and Kane 2011)

b. [5]Universities towards MN or global institution via closer partnering? – Seristö (2015)

c. Patterson (2000): Scale and scope economies (relevant for M&As alike) and benefits of SAs:
   i. Findings question, not disprove, some of the most common merger and growth beliefs and assumptions: small institutions are inefficient, large institutions are most efficient, institutions should have a broad range of educational offerings; actual strategic costs and benefits can be very difficult to quantify; many alliance benefits – such as "best practice" processes, transfer of knowledge, reduction in market uncertainty and increased student choice – are indirect
      1. Issues surrounding economies of scale should not be considered from a single level perspective, or a single likely effect
      2. Overriding difficulty of attempting to measure higher education "products" in monetary terms
   ii. Pon and Duncan (2018): Networks and alliances seem to provide the same benefits as mergers and acquisitions but have less drawbacks and give more freedom to schools as they can be organized quicker, with less legal issues and be reversed or stopped at any given point if desired
   iii. Gunn and Mintrom (2013): Multilateral, global university alliances represent valuable resources for ambitious, change-oriented university leaders
      1. Those alliances have a unique and strategically significant ability to join up knowledge networks

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[1]Partnering / Alliance; [2]Personality in partnering; [3]Satellite campuses; [4]Student and faculty mobility; [5]No truly global players; [6]Demand for university education; [7]Reputation / brand; [8]Foreign country incentives; [9](Government) funding issues; [10]Regulations / rules; [11]University leadership ; Hannu's research synthesized ; Mischa's research ; literature review ; general research ; **of particular importance for thesis**

2. The best possible outcome of any global university alliance is creation of opportunities for mutual advance, mutual learning, and positive organizational transformations

d. Knight (2004): Rationale for developing strategic alliances as a means to an end
    i. Eckel and Hartley (2008): Rationales for holding partners together may shift over time (many authors from management literature)
    ii. Eckel and Hartley (2008): Most relevant rationales for building an alliance (private sector): SA:
        1. Open doors to markets by pooling resources (financial + human)
        2. Extend capabilities, improve delivery of services, generate greater economies of scale, reduce expenses by linking complementary technologies or sharing facilities and capacities and jointly investing in new innovations
        3. Facilitate development of new ideas and products and allow participating organizations to leapfrog into new areas
        4. Allow for learning from one another
        5. Monitor changing environment and better understand emerging opportunities or risks
        6. Defend a current strategic position
        7. Gain legitimacy through association with others, particularly larger, visible, reputable, and prestigious firms
    iii. And Gunn and Mintrom (2013): five factors expected to shape the ability of global university alliances to create collaborative advantage for their members:
        1. The alliance's strategic intent: when rationale for membership is clear and compelling, universities are more likely to join for appropriate reasons and their individual understandings of why they are involved are more likely to be well-aligned (see e))
        2. The comparative status of member universities
        3. The opportunities created for mutual learning among members: as long as these opportunities are well-documented, the rewards of alliance will be clear and commitments to membership will increase in strength
        4. The salience of the alliance inside member universities: the benefits of membership in an alliance flow from what everyone is prepared to bring to it
        5. The ongoing relevance of the alliance and its capacity for change

e. Knight (2004): As institutions mature in their approach to internationalization, there is more effort put into developing strategic alliances with clear purposes, and outcomes articulated – and interlinked with that: important trend is the development of networks (as they tend to have clearer and more strategic objectives)
    i. Chan (2016): HE institutions shall make sure that their international engagements are in line with their missions and objectives and supported by appropriate infrastructures
    ii. Ma and Ploner (2022): Fewer, more purposeful partnerships could swamp partnerships with self-serving, rather than mutual, institutional agendas, primarily driven by increased global competition + economic calculus (see f))
    iii. Li et. al (2009): Whatever the partnership model agreed, the relationship, at the outset, should be planned and based upon a long-term perspective to gain the benefits both institutions can bring to the partnership
    iv. Gunn and Mintrom (2013): The most successful alliances are likely to have clarity regarding their strategic intent; even then, however, little can be achieved in an alliance unless member universities are prepared to actively participate in the provision of collective goods

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v. Ayoubi and Al-Habaibeh (2006): However, implementation for such objectives might be different from the initial objectives
    1. Process of international partnership strategy: continuous process of design, implementation, and evaluation of such strategy

f. Definite shift from alliances for cultural to economic purposes (Knight 2004)
    i. Ayoubi and Al-Habaibeh (2006): universities increasingly business-driven with continuous development in international collaboration and partnerships
    ii. Angervall and Kassie (2021): Academic-related motives closely tied with economic-related ones: "Education and research capacity usually go with economic capacity"
    iii. SA seen as a way to develop closer cooperation bilaterally or regionally to gain competitive advantage (Knight 2004)
    iv. Likely to become more pronounced (Knight 2004)
    v. Chan (2016): Universities most often strike alliances to be able to compete
        1. Massification and marketisation of HE in recent decades have led to severe competition for funds as well as students and faculty
        2. For newer universities that entails branding together to gain visibility and market share
        3. Academic alliances that enable students to gain international exposure and credentials will give their members an edge in student recruitment
    vi. Ma and Ploner (2022): International HE partnership building has become increasingly orchestrated by non-academic (i.e., operational and managerial) agents, thereby shifting away from universities' "academic heartland"
        1. Partnerships fewer in number and thicker in substance
        2. Largely inward-looking and self-serving strategies of international partnership building seem to achieve "sustainability", in financial or reputational terms, only partially and do not account for the human dimension (see g))

g. [2]Finding (i.e., what partnering research has concluded widely): Personalities involved in partnerships / strategic alliances matter a lot (*H*)
    i. Not only in partnerships but also in general: it seems to be a very important dimension of internationalization (Gao, 2015)
    ii. Eckel and Hartley (2008): Paying attention to relational aspects of partnership development and maintenance at least as important, if not more important, as developing curricula, determining financial structures, managing operations, and expanding enrollments and research dollars
        1. In sharp contrast to management literature: focus on operational aspects of alliance
        2. Most salient question regarding academic alliances is not how we organize ourselves to get the job done more effectively but who we are and how we figure out how to work well with one another
            a. Most valuable elements regarding finding partners are to identify those with whom one is familiar, has common objectives, and, most importantly, has a likelihood of developing a shared identity
                i. Maybe due to lack of resources to look for maximizing partner and thus turning to those familiar and trusted; or due to avoidance of expenses associated with the relationship and, instead, investing in operations
                ii. The more shared the identity, the less reliance on formal rules and the easier it is to respond to adaptive

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            challenges for which there is no history or script and thus less cost
         iii. Gunn and Mintrom (2013): While too much similarity is likely to reduce opportunities for learning, too much diversity can also make it difficult for institutions and those associated with them to get beyond their differences and engage in positive exchanges
   iii. Ma and Ploner (2022): Equality and mutuality play a significant role in diminishing growing divergencies between different institutional stakeholders

h. [7]Goal of collaboration with as high-ranking universities as possible (*H/UL*)
   i. HE industry: reputation and brand are of utmost importance (*H/UL*)
      1. Collins and Park (2016): though established relationship between reputation and quality consistently questioned; opportunities for increased visibility, particularly beyond the national scale
      2. Collins and Park (2016): Rankings for funding purposes, rather than an end unto itself
         a. Yet, rankings may alter purpose and mission of universities in ways that have unpredictable outcomes
      3. Collins and Park (2016): Improvement in one measurement can undermine success in others
      4. Also underlined by Knight (2004)
      5. Brankovic (2018): In recent years, status received ever-increasing attention from universities, policy makers and general public
      6. Brankovic (2018): Position in rankings not only way to tell status: accreditations, alliances and awards linked with status dynamics
         a. Pon and Duncan (2018): Signaling quality via rankings and accreditations not only to students and their families but also to academics and firms
         b. Collins and Park (2016): Reputation also established through relations with other actors, with governments, civil society, private sector, students, families, alumni, and the broader publics of national and transnational society
      7. Hendel and Stolz (2008): In most European ranking systems input-category predominates relative to throughput-, output- and research-category; and internationalization significantly neglected
   ii. Getting US students to study in foreign country not easy due to reputation and financial (faculty work as important income) concerns (*H/UL*)
      1. Also, sharing views and visions relevant – particularly for Asian universities (partners supposed to be “like-minded”) (*H/UL*)
   iii. Ma and Ploner (2022): Particularly for Chinese institutions
   iv. Baden-Fuller and Ang (2002): Close connection between good reputation and accessing the resources that help maintain that position – success in one sphere helps the other, and winners seem to build a “charmed circle” of resources and benefits (in line with focus on top-tier); and that circle can be influenced, or even broken up, by strategic alliances – outsiders to the circle can improve ranking if alliance with those who have stronger reputations
      1. Also supported by Pon and Duncan (2018)
   v. Baden-Fuller and Ang (2002): Choose as foreign partners those who have strong reputations in their local markets (combining domestic with foreign winners reinforces the charmed circle)
   vi. Gunn and Mintrom (2013): There should be short-term benefits to joining an alliance, and membership should be viewed as a marker of status,; yet, the broader purpose should be to collectively explore possibilities and create opportunities that do not currently exist

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vii. Angervall and Kassie (2021) discuss a North-South alliance within that context

i. Definition of Strategic Alliances (within HE):
    i. Eckel and Hartley (2008): Extend beyond the mere sharing of library books or bulk purchasing or similar consortia activities
    ii. Eckel and Hartley (2008): Differentiation of SAs w.r.t. the following three dimensions:
        1. Financial support contributed by each partner
        2. Extent to which the organizational and/or governance structure is formalized and centralized
        3. The relative contribution of each partner in the development and production of a given good or service
    iii. Ma and Ploner (2022): citing Trim and Lee (2007): mutually oriented, trust-based, risk-aware, underpinned by combined ownership, continuous organizational learning, hybrid organization culture

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13. Mergers and Acquisitions

- a. Human side of M&A's:
  - i. Cartwright et al. (2007): M&A's impact on university employees
    - 1. Job security significant and continuing source of stress
      - a. Significantly greater at time when individuals were experiencing uncertainty as to whether merger would go ahead than when confirmed (confirmation: relief, particularly if accompanied by statement of no compulsory redundancies)
    - 2. Positive or negative nature of potential changes
      - a. If potential changes negatively appraised (presenting harm or threat to individual) stress will result, if positively appraised (presenting opportunities) stress will be minimal
        - i. Important to emphasize potential benefits of merger at individual and organizational level
    - 3. Ahmadvand et al. (2012): Socio-cultural integration acts as important stage in post-merger process, particularly in institutional setting and academic staff integration (even more relevant for academic as compared to other institutions)
    - 4. Senior et al. (2017): Need for developing appropriate training, teamwork, mentoring and support mechanisms to increase employee ability in coping with M&A related change
  - ii. Sulkowski et al. (2018): Consolidations should also develop effective human capital management
  - iii. Capuccinello (2020): Downside of acquisitions is that they could lead to a reduction in competition between colleges, leading to complacency amongst college managers, which adversely affects student welfare
  - iv. Romanenko and Froumin (2019): Human factor in mergers often mentioned as one of the most important problems in the process of reorganization

- b. Distinctiveness / Uniqueness of M&As:
  - i. Sulkowski et al. (2018): Processes of M&As perhaps too complex, multidimensional and entangled in cultural and social factors to be fully controlled
  - ii. Sulkowski et al. (2018): Running merger processes very often spontaneous, and trajectory of revolutionary cultural change becomes partly indeterministic
  - iii. Ahmadvand et al. (2012): In very general (maybe quote in the thesis): "There is no one best way to bring about a merger."

- c. Geographical distance in M&As:
  - i. Ahmadvand et al. (2012): Large geographical distance will prolong time-period of merger process at all levels of integration – crucial to take this challenge into account during and after integration process
  - ii. Boling et al. (2017) citing Skodvin (1999): Mergers worked best when institutions not physically distant from one another, or when large cultural and academic differences did not exist (success factor)

- d. Communication (part of human side, but so crucial that it deserves own subchapter):
  - i. Cartwright et al. (2007): Communication most important variable during entire merger process (citing many authors and citing other authors and their findings on the importance of communication in M&As)
  - ii. Cartwright et al. (2007): Increased perception of consultation significantly associated with less stress, greater commitment, and less propensity to leave
    - 1. Process of consultation must be genuine and not a fallacy

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a. If individuals feel their views were not listened to, negativity towards merger or acquisition likely to be heightened

iii. Aula and Tienari (2011): Communication and transparent change processes were pointed out as crucial for merger success

iv. Senior et al. (2017): Developing effective communication mechanisms for dealing with day-to-day, top-down and organizational futures related communication are important for any organization in a merger situation

v. Romanenko and Froumin (2019): Communication policy can contribute to process of perception of university organizational changes

1. Involvement of students in decision-making process, notifications on changes, reinventing of organizational identity of merged university could activate perceived effects of university mergers for students

e. M&As in HE as a clear trend:

i. Cartwright et al. (2007): Since the mid-1990s, there has been a steady increase in mergers between Colleges and Further Education in the UK

ii. Aula and Tienari (2011): HE sector reforms around the world constitute an increasing number of university merger (driver for engagement)

iii. Also underlined by Boling et al. (2017); environmental and economic forces

iv. Still, HE mergers relatively rare (Boling et al. (2017) citing Etschmaier (2010))

v. Capuccinello (2020): M&As between tertiary educational institutions widespread; not a new phenomenon

f. Drivers for engagement in M&As (distinct from more general internationalization drivers):

i. Cartwright et al. (2007) citing Stewart (2003): UK: Encouraged by British Government in its drive to achieve cost economics (not the same pressure for collaboration)

ii. Boling et al. (2017): Public sector worldwide under pressure to downsize and results are increased number of mergers

iii. Cartwright et al. (2007): Financial incentives to improve standards and reputations (also very relevant to M&As)

g. Rationales for M&A engagement (goal oriented as distinct to drivers) in HE:

i. Boling et al. (2017): Goals similar to business merger:

1. Reduced costs by increased economies of scale, reduced competition, stronger market competitiveness, broader economies of scope, increased market size resulting from geographic expansion

ii. Boling et al. (2017) citing Fielden and Markham (1997): Taking advantage of a good fit in compatibility and complementarity of a smaller institution with a larger one, providing larger institution enhanced portfolio or academic profile, assisting in long-term strategic plan for change, providing way for institution to enter new markets, allowing merged units to be an area's main HE provider

iii. Boling et al. (2017): Lack of clarity of purpose often impedes merger success (success factor)

iv. Sulkowski et al. (2018): Entry into the "world league of universities", rationalization of education and research networks, restructuring aimed at increasing efficiency of education process (Cai, 2016); increase access and quality of HE addressed to disadvantaged groups

v. Romanenko and Froumin (2019): Cost savings, revitalization, cross-disciplinary collaborations

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h. Mergers vs acquisitions:
    i. Boling et al. (2017) citing Bauer and Matzler (2014): Mergers may face more integration issues than acquisitions due to greater top leadership confusion, cultural and operational conflicts, and potential market disruptions
    ii. Capuccinello (2020): Many mergers in UK FE sector more like acquisitions

i. Compulsory vs voluntary M&As:
    i. Boling et al. (2017) citing Blesse and Baskaran (2016): voluntary mergers do not affect expenditures, but compulsory do show significant reductions in expenses
        1. Yet, voluntary mergers [in Western countries] more successful than compulsory mergers ((Boling et al. (2017) citing Skodvin (1999))
    ii. Capuccinello (2020): Better to encourage voluntary merger between colleges rather than to encourage acquisitions per se

j. Benefits from M&As:
    i. Ahmadvand et al. (2012): Takes long time (perhaps over 10 years) for new institution formed by a merger to function as unified and integrated identity, which considerably challenges efficiency as purpose and reason to merger
    ii. Boling et al. (2017) citing Ripoll-Soler and de-Miguel-Molina (2014): Mergers within HE: Scale economies seldom realized; results show that teaching and research results may not improve
        1. Citing Fielden and Markham (1997): Possible barriers to success: poor quality of target institution's faculty or offerings, disruption for staff and students (often relocated), attempts to merge differing educational philosophies, overall cultural differences between merging institutions
    iii. Boling et al. (2017) citing Etschmaier (2010): HE mergers no clear financial or quality metrics to assess success

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Minutes of Meetings

Minutes 6 and 7 July 2022 and Absences

Meeting in person with Hannu

6 July 2022, 10:00-11:30

- Time plan: Thesis finished until end of October 2022; working on article for publication from November 2022 onwards (will send the PhD applications in December 2022 and graduate in January 2023)
- Content/size of the thesis (looked it up): 25 pages excluding appendix, references, etc.
- Conducting (various) interviews may turn out to be difficult given the relatively short time span
- First step: Read into the literature
- Hannu sent me a list of relevant articles
- I am quite free in narrowing down the topic
- Access to Hannu's research on the topic deliberately only after the thesis will be handed in – for me to form my own view and to avoid any sort of bias
- I may contact Hannu and schedule meetings with him whenever necessary

Teams call with Emanuel

7 July 2022, 11:30-12:30

- Summary of the most relevant points discussed in the meeting with Hannu
- Book an appointment with librarian to increase efficiency in literature review (with keywords)
- When conducting the literature review, aim to use papers included in the ABS journal ranking list only (Emanuel sent me the ranking list)
- Emanuel sent me a document assisting me in the literature review and the structure
- Emanuel and I went through the document together and the following emerged:
    - In the literature review section: Debate/theoretical conversation going on – critical considerations/review
    - Narrowing literature review down by searching specifically for merging OR allying
    - If possible, develop a framework applicable to the higher education setting (when to merge; when to ally), assuming such a framework does not exist yet
    - Searching for *globalization* of higher education rather than *internationalization* given that most universities internationalize in some way or another (international student body, summer school, etc.)
    - Organizing by country to become aware of trends and main players per country and aim to understand from host country perspective as well
    - Risks associated with starting literature search with the topic in the context (ready-made meal)
    - Following an inductive approach

Absences

- Monday, 11 July – Thursday, 14 July 2022
- Thursday, 18 August – Wednesday, 24 August 2022
- Monday, 5 September – Thursday, 8 September 2022

Also during my absences, I am always reachable either via email or phone +41 79 751 80 17

Minutes of 10 August 2022

Meeting in person with Hannu

10 August 2022, 13:00-14:30

1. **What has been done**

    - I introduced the multi-page framework on the theoretical topic of M&A or SA – that I created and that I am currently working on – to Hannu

2. **Broad initial discussion on HE institutions and on what seem to be relevant factors for HE institutions vs corporations**

    a. **Pivotal differences between certain HE institutions**

    - There is probably no "one-size-fits-it-all" approach to relevant factors for HE institutions, as there are pivotal differences between certain HE institutions. Some of these differences are:
        - National / geographical differences:
            - In terms of the law system present, as well as politics
            - In terms of university structures (i.e., universities in Europe tend not to be private, whereas many universities in the US are private)
        - (Research) universities vs universities of applied sciences
    - The following has emerged from that discussion:
        - Breaking our focus down to "European research universities" (maybe with a further focus on a specific law system area within Europe) seems reasonable, however:
            - Once I will read into the literature on globalization of HE institutions as well as on M&A or SA cases within that context, I will reflect on whether that focus happens to be the right choice or should be reevaluated

    b. **Relevant factors for HE institutions vs corporations**

    - Aim to signal understanding of all relevant / contributing factors with respect to HE institutions, such that someone who is reading the work cannot claim that one or several pivotal factor(s) were not mentioned
    - Pivotal factors for HE institutions (vs corporations) are:
        - Politics and doctrines, as they may lead to severe tensions
            - Hence, make sure to also read articles in magazines, such as the Times Higher Education (Hannu sent me the magazine in an email following our discussion)
        - Reputation, as HE institutions have a lot to lose; and in combination with that:
        - Risk-averseness, as HE institutions do not have an incentive to take on great risks
        - Purpose, as HE institutions' purpose is fundamentally different from that of corporations
        - Resources, as HE institutions rely significantly on soft resources
        - History, as HE institutions have many times long histories (which are often socially/culturally embedded)

- Aim to include a weighing of different factors – relevant for HE institutions' choice of M&A or SA – into the work, as it may add great value, however:
    - While doing so, be humble, cautious and realistic
- Such weighing can also be presented graphically by including a map (maybe in the appendix), in which the different factors have varying sizes, according to their weight
    - Such a map could also have a time component, presenting the weight of different factors over time (e.g., five years ago, today, in five years)
- What can also be included (possibly also graphically) and add value is an indication of what decision factors are mutually exclusive, overlap and/or are (strongly) intertwined
- The overarching goal is to come up with a framework that has practical relevance and can support universities' decision makers in their choice of M&A vs SA when globalizing

3. Way forward

- I will keep on integrating all relevant articles on the theoretical topic on M&A or SA into the multi-page framework
- Once I am done with that (I doubt before the end of August, as I will not work on the thesis from 18-24 August and as it is important to me to do that work very diligently), the next steps will be:
    - Reading into the literature on globalization of HE institutions as well as M&A or SA cases within that context – with the help of that initial "unofficial" discussion with Hannu, and once I will have advanced with that:
    - Doing an "official" interview with Hannu on "what are vital factors for HE institutions vs corporations", which will be recorded and transcribed, as well as potentially conducting more interviews
        - I assume that I will be able to better assess the need for further interviews once I will have started reading into that literature
- Clearly defining "strategic alliances" will become relevant:
    - What is simply some sort of collaboration – e.g., partner universities network – and what poses an actual strategic alliance?
        - Hannu already pointed me in a certain direction (I might perhaps come back to you with that issue later, Hannu, but would definitely first do some literature review on it; maybe we could also include that into the "official" interview?)

Minutes of 13 September 2022

Zoom meeting with Emanuel and Hannu

13 September 2022, 14:00-15:15

- Danger of continuing table in the same way: too descriptive and too few relationships
- Create a table based on keywords and relationships – be creative
    - I will create the new table with the papers I have read already and then will integrate the remaining papers into that new table as well as into the old, descriptive, table
- Also, consider reading into the HE context and applications of M&A/SA within the HE context while finishing the remaining papers – "find the way that suits you best"
- Do not aim for perfection in the small details – zoom in and out and think of the key things
- Interviews with experts will save time and may act as reality check, however maybe none or only view of them will be necessary
- Topic breakdown: Europe seems reasonable; check for further breakdown, such as "top players", indexes, rankings, etc.
    - I will do research on that and will come up with a suggestion at a later point in time
- Definition of strategic alliances:
    - Emanuel: Long-term; close; share costs, investments and risks
    - Hannu: Systematic, wide, deep, long-term, opening core competencies
        - At the end of the day, there are different interpretation – what is relevant is to lay out precisely how YOU interpret strategic alliances
        - One possibility is also to exclude certain aspects: e.g., student recruitment
            - I will consider all these things and do some research myself to come up with one clear definition for that thesis

Minutes of 15 November 2022

Teams meeting with Emanuel and Hannu

15 November 2022, 14:00-15:00

- All research done until Sunday, 20 November
- I am free with respect to sending Emanuel and Hannu a draft version of the thesis, or just asking clarifying questions along the way (though I agree with Emanuel that at least sharing the plagiarism check before uploading the official document could be worthwhile)
- Recommendation from Hannu: Embrace the chaos and do not aim to write every part perfectly right away – rather, it is a process that naturally includes rewriting different parts
- Structure (note: abstract page counts as first page, hence total of maximum *24 more pages*):
    1. <u>Literature Review and methodology: *ca. 2 pages*</u>
        - Literature review (derive main research question and hypotheses): *ca. 1.5 pages*
            - Theoretical topic
            - HE internationalization context and drivers
            - M&A and SA within HE
        - Methodology: *ca. 0.5 pages*
            - Consider table of interviews included in papers read – if feasible, otherwise make that explicitly clear
            - Point to meetings with Hannu and secondary data (besides papers)
    2. <u>Theoretical Topic: *ca. 2-3 pages*</u>
        - Including keyword table and unambiguous definition of SA
    3. <u>HE Internationalization as well as M&A and SA within HE: *ca. 2-3 pages*</u>
        - Including focus on European top-tier universities
    4. <u>Main analysis and findings: *ca. 10-15 pages*</u>
        - Only here (and not before!) will I combine the theoretical topic and HE internationalization as well as M&A and SA within HE
        - Aim to do it somewhat like the Dyer at al. paper
        - That section is primarily what may be used for a potential publication afterwards
        - HE internationalization drivers changing very quickly in a VUCA world
            - Make sure to take that into account and to link it to changes regarding M&A / SA choice
            - Consider [here and in more general] including time-dimension (and perhaps also weighing)
    5. <u>Discussion and conclusion: *ca. 4 pages*</u>
        - Pivotal: my contribution
        - Linkages / analogies to other "industries"
        - What I have done
        - Limitations
        - Further research
- Make sure to signal the extensive research effort done:
    - Appendix:
        - Research on context and SA as well as M&A within context (15 page-word document)
        - Initial, more extensive multi-page table
            - The more concise table will be included in the main part of the thesis (2nd chapter)
        - (Minutes of the meetings) [Asked in email]
- Either leave *Yip (1989): 29-41* out, or just refer to it, but do not base HE internationalization drivers solely on it, as it does not fully capture the richness and connectedness of the drivers