Merger of Equals? The Path Toward the Integration of New Jersey's Largest Universities

Douglas J. Miller
Rutgers University

Cynthia Golembeski
Rutgers University

Abstract

The combination of the University of Medicine and Dentistry of New Jersey (UMDNJ) and Rutgers University in 2013 is the largest higher education merger in U.S. history. Based on extensive interviews with participants and archival research, we analyze factors that accelerated or decelerated the integration of the two universities over the period 2012-2018. This integration highlights the importance of balancing standardization with recognition of the distinctions between units, and helping people to form a shared identity in the combined organization.

Mergers are difficult in the corporate world even when they arise from careful planning by a strong, experienced management team with a focused strategy. Likewise, mergers between universities[1] and academic healthcare organizations[2] often fail to meet expectations.[3] Policy-driven mergers in higher education, such as those in Northern Europe or China recently, tend to focus on achieving scale and scope on a par with international universities.[4,5] In US higher education, university mergers rarely combine true equals,[6] and potential partners limit their search to other schools in close geographic proximity, rather than find the best fit.[7] In nearly all cases, mergers of universities represent a new and one-time experience for campus leaders.[8,9]

Still, in 2012, the New Jersey State Legislature passed a bill, championed by Governor Chris Christie, to restructure higher education in the state. The

resulting combination of components of the University of Medicine and Dentistry of New Jersey (UMDNJ) with Rutgers, The State University of New Jersey, became the largest higher education merger in US history. While the legislation followed years of discussions and laid out appropriate goals, the scope of the integration was imposed by the state, not sought by either university, spanned multiple educational sectors, and involved geographically dispersed campuses, all factors associated with greater difficulty of success.[6,10] A case study of the legislation and its effects is published in this same volume. In this paper, we describe lessons learned in terms of factors that accelerated or decelerated integration.

A comprehensive understanding of mergers between large public sector institutions must consider both strategic reasons and the emergent process of integration.[11] Internationally, most higher education mergers have been driven by a search for efficiency; however, evidence of efficiency gains through scale is lacking.[12] On average, higher education mergers create efficiency in the first year after the merger, but with great variance around that mean.[13] The integration of UMDNJ and Rutgers follows a pattern of "the absorption of medical and medical-related schools and institutes into major universities"[14] in the UK since the 1990s, including the merger of the University of Wales College of Medicine and Cardiff University in 2004. In the US, the merger of the University of Toledo and The Medical University of Ohio in 2006 resulted in a university of similar size to the Cardiff case, about one-third the size of Rutgers.[15] Rather than efficiency, the major promise of mergers involving health sciences universities is achieving a broader scope of educational and research operations to enhance the reputation and impact of the institution. This goal has been achieved in the New Jersey case, but attempts to create efficiency through centralized services have been slow to bear fruit.

Based on extensive interviews with key individuals from UMDNJ and Rutgers, we identified several factors that affected the pace and extent of integration of the two universities from 2012 to 2018. We take completed integration as the goal, and assess which factors facilitated integration, which slowed it, and which had mixed effects. We define completed integration as (a) stable organizational structure, (b) shared identity, and (c) cooperation across previous boundaries. These criteria do not depend on whether the integration period saw extensive or limited change in terms of employee turnover, daily routines, or services. Further, the criteria do not address the success of the merged organization in terms of achieving its mission or financial outcomes. The key is whether the organization is still undergoing major changes due to the combination, or has reached a (temporary) equilibrium and is now able to focus on operations. "Integration should not

be taken to mean the total assimilation of diverse cultures."[16] We elaborate on decelerators more than accelerators to explain how and why they affected the pace of integration over several years. We conclude the paper with implications for the practice of M&A in large public institutions.

Methods

This research is in response to a call for proposals from The Nicholson Foundation and Rutgers Biomedical and Health Sciences (RBHS), and is funded by The Nicholson Foundation. We created a list of deans, administrators, key faculty, long-time staff members, and others involved in the integration. Most agreed to be interviewed, and some suggested additional people, whom we then contacted (snowball sampling). In all, we interviewed 42 individuals, mostly current employees of RBHS or Rutgers University. More than half were in influential positions at UMDNJ prior to the integration. Respondents included approximately the same number of men and women, and were balanced between faculty and staff, and between Central and Northern New Jersey. Interviews were conducted face-to-face, generally 60 to 90 minutes in length, following a protocol approved by the Rutgers-New Brunswick IRB. Most subjects agreed to an audio recording of the interview, and all responses were kept confidential. No complete list of interview subjects is made public; however, some are identified in various articles. When we wished to rely on unique information from a respondent or quote them by name or role, we secured their written permission. Unnamed sources were assigned a random number for identification in print (e.g., *R14* for respondent 14). We supplemented and verified interview data with research from university records, publications, and websites, and search of government records and news articles.[17]

Analysis of The Integration Process
Accelerators of Integration

Leadership with experience in health sciences. On September 1, 2012, Dr. Robert Barchi formally became the twentieth president of Rutgers University (since its founding in 1786). However, after being named as the selected candidate in April, he had been involved in the beginning of the integration through the summer. Barchi's experience in administration of academic medicine at the University of Pennsylvania and Thomas Jefferson University guided his decisions.[18] A strong personality, he nevertheless submitted his ideas to other administrators and outside consultants to test their feasibility (*R11, R21, R28*), and understood the differences between a biomedical and healthcare model and an arts and sciences model of higher education (*Strom*).[19] In his first year, Barchi was accused of, if anything, being overly

focused on the integration, amidst criticism about the firing of an athletic coach and concerns whether the president was receptive to the concerns of faculty and students on various Rutgers campuses.[20]

Barchi also led the search for a permanent chancellor of RBHS which brought Dr. Brian Strom on board in late 2013. As a clinician and researcher in epidemiology, Strom developed a strong reputation in academia, with the NIH, and with industry.[21] As an administrator, Strom is a smart, forceful person with a hands-on management style. He works long hours, stays in constant contact with other leaders, and gets involved in recruitment, even of assistant professors (*R5, R8, R39, R13, R23*). Strom used a formal, if quick, strategic planning process to set out a vision for RBHS and also focused everyone's attention on population health. One faculty member summarizes, "Quite frankly, had it been a lesser man than Brian Strom, I think [the change in governance] would have been really tough. He's an unusually alert individual. There aren't very many things that slip by his attention or that he forgets."[22] While Barchi continued to oversee the centralization of student services, information systems, fundraising, and research support, he gave Strom the freedom to design RBHS to match the future of healthcare.

In turn, Chancellor Strom relied on continuing leadership from UMDNJ deans in most schools. The RBHS provosts for Newark and New Brunswick came from the faculty of the respective medical schools, the deans of New Jersey Medical School and the dental school remained in their posts, and interim positions, including the deanship of the School of Health Related Professions, were filled from inside. Within UMDNJ, the deans had good rapport developed through frequent meetings.[23] This collegiality extended throughout RBHS under Strom. The deans of the UMDNJ School of Nursing and the Rutgers College of Nursing began a "harmonization" of their programs, with joint faculty retreats and other planning efforts that led to a further integration into one nursing school by 2014. While the medical schools have remained separate, Strom appointed chairs to oversee some smaller departments across both campuses, such as radiation oncology, neurology, and otolaryngology.

The hiring of such noted leaders in academic medicine as Barchi and Strom made clear Rutgers' commitment to building a comprehensive university with a strong biomedical arm. The fact that they were able and willing to rely on many continuing deans and functional administrators (e.g., student services) from UMDNJ helped the integration move apace. Thus, faculty and staff had confidence that, although there might be disagreements or personality clashes at times, the people at the top of Rutgers and RBHS truly wanted to build Rutgers into a leader in healthcare education and services.

Overlapping locations and personal ties. The historical development of UMDNJ means most of its schools are geographically close to some part of Rutgers. Since Robert Wood Johnson Medical School (RWJMS) had started at Rutgers, it along with the school of public health, lab facilities, and related research centers are clustered adjacent to the Rutgers "Busch" campus in Piscataway. Across the Raritan River in New Brunswick, the Clinical Academic Building, CINJ, and other facilities close to the teaching hospital sit near Rutgers' "College Avenue", "Cook", and "Douglass" campuses. The distance between the healthcare campus in Newark and Rutgers-Newark is too far to walk, in general, but the former UMDNJ units are tightly clustered around University Hospital. Thus, there have been joint research and education programs over the years, often facilitated through inter-university centers. (UMDNJ also had research and degree collaborations with New Jersey Institute of Technology, Princeton University, and many other institutions across the state). After the integration, the role of the centers changed, but joint efforts have increased in other ways. We list several examples in Table 1. Many interview subjects in our research described the new collaborations as arising out of interpersonal ties made with other faculty in the same geographic region, in some cases built through planned interdepartmental interaction, but often serendipitous. Word-of-mouth connections have led to cooperative research and to other connections, such as how multiple units within RBHS began to use the services of the Rutgers Center for Organizational Leadership, led by Prof. Brent Ruben, which offers leadership training and facilitation of strategic planning for academic organizations. Individuals have been surprised at how they have lived and worked alongside researchers with similar interests for years, but had never connected because one was at UMDNJ and the other at Rutgers (*R3, R22, R29, R38*). Propinquity has aided integration.

Rutgers brand. Most faculty and students of UMDNJ were pleased to be affiliated with the Rutgers name (*R8, R40, R14*). Outside the world of healthcare, people did not know what "UMDNJ" stood for or recognize its size and scope. Rutgers is known nationally, and increased that awareness with its move to join the Big 10 in 2014. The new conference membership gave the RBHS schools a clear set of peer institutions and brought access to academic consortia in which peers meet regularly to build research and programs appropriate to a Tier 1 research university. Along with the well-known name and large alumni base in New Jersey, Rutgers had established strengths that complement healthcare education: the basic sciences, engineering, and graduate programs in psychology and other social sciences. Rutgers-New Brunswick is one of only 62 member universities of the

Association of American Universities (AAU), having joined in 1989.

Table 1. Selected examples of collaboration across UMDNJ and Rutgers

Before the combination:
✓ The Institute for Health and Healthcare Policy helped to build strengths in Medical Sociology and Health Psychology in those departments at Rutgers-NB.
✓ Through the Center for Advanced Biotechnology and Medicine, faculty from Robert Wood Johnson Medical School basic sciences and the Rutgers Department of Biomedical Engineering developed a Biotechnology Graduate Training Program which has received NIH funding continually since 1989.
✓ Students at either medical school could pursue a joint MD/MBA degree with Rutgers Business School, which serves both the Newark and New Brunswick campuses.

Since the combination:
✓ The Brain Health Institute, led by Dr. Gary Aston-Jones, reports to the chancellors of Rutgers Biomedical and Health Sciences (RBHS) and Rutgers-New Brunswick, attempting to catalyze multidisciplinary research.
✓ Since Rutgers CINJ is now a separate unit, rather than a department at RWJMS, its director, Dr. Steven Libutti, has collaborated for faculty recruitment with Rutgers-New Brunswick's Schools of Engineering and Arts and Sciences, as well as the School of Public Health and the medical schools. The Cancer Institute is building integrated cancer services in Newark, whereas its past clinical operations were primarily in New Brunswick.
✓ The business school offers a joint MBA degree with the School of Dentistry in Newark.
✓ The iJobs program, funded by one of 17 NIH grants nationally to test means to connect STEM Ph.D. students to careers in industry, is a joint effort of the School of Engineering and the School of Graduate Studies, which covers graduate programs at RBHS and Rutgers-New Brunswick.
✓ Medical school faculty involved the Rutgers' Mason Gross School of the Arts and the School of Communication and Information to develop a course in "Communicating Science."

Statewide clinical services through Rutgers Health. The goal of Rutgers Health, as stated by Senior Vice Chancellor Vicente Gracias, is "an environment that supports a very patient-centered approach to care, that welcomes the learner, a real academic health system that's positioned to...deliver the cutting edge care in New Jersey that you cannot find anywhere in the world."[24] With today's growing emphasis on population-based and wellness-based healthcare, the academic health system cannot simply

imitate past models. Rutgers Health will depend not only on internal cooperation, but a good relationship with RWJBarnabas Health, including the Robert Wood Johnson University Hospital in New Brunswick. The letter of intent signed in 2017 and the formal agreement announced in July, 2018 promise extensive funds flowing from the hospital system to RBHS for clinical research.[25] The alliance between Rutgers and RWJBarnabas, detailed in a series of agreements that have begun to take force, could impact RBHS positively or negatively. Some Rutgers unions have opposed the agreement, claiming that it "privatizes" healthcare in New Jersey and threatens to limit access to underserved populations in search of profits. However, the consensus of respondents from RBHS in this study is that they too would see it as a failure if access were less available, or patients experienced a decline in services in any way. The agreement with RWJBarnabas Health will create more patient access and drive further changes at RBHS, including to IT systems for Electronic Medical Records (*R32*). Overall, Rutgers Health presents a grand vision, with immediate implications, to unite all parts of Rutgers regarding health sciences.[26] Putting the former UMDNJ schools under the Rutgers brand, not only for education, but also for clinical services, creates shared identity. Whether or when Rutgers Health achieves its other goals, it has accelerated integration.

Decelerators of Integration

Rutgers as an inexperienced "acquirer." Prior to the legislation, Rutgers University was already a large and complex organization. Indeed, it had grown through a series of combinations of various schools and campuses across the state. Yet, as of 2011, Rutgers, as nearly any major university, lacked some elements that would characterize a skilled, experienced corporate acquirer: strategic alignment, clear structure, and efficient support systems. In June, 2011, Rutgers had not aligned itself to achieve the strategy of integrating UMDNJ for a specific goal. Instead, significant resistance to the legislation came from administrators, faculty, staff, students, and alumni. Aligning strategy takes time that Rutgers did not have. President Robert Barchi was new to the organization. He had not yet formed working relationships with leaders across campus or built up a reputation for trustworthiness that can convince employees to accept change. Barchi started a university-wide strategic planning process in December, 2012, prior to UMDNJ transferring into Rutgers. There was no way to incorporate RBHS into the plan to the same degree as the other campuses at the time, especially without a permanent chancellor.

A prepared corporate acquirer would also have a clear organizational structure to clarify which decisions would be made at corporate headquarters

vis-à-vis the subsidiary, and how the integrated business relates to the rest of the corporate portfolio. In contrast, Rutgers was in a period of changing governance. In 2011, the chancellor positions at Rutgers-Newark and Rutgers-Camden had only been in place for four years, and their relationship to the university president in New Brunswick was still evolving. Tensions between the New Brunswick campus and those in the North and South have roots in longstanding economic, political, and racial divisions in New Jersey. Counties bordering New York and Philadelphia have different industries and demographics than areas of the state that rely on tourism or agriculture. Campus and political leadership in the urban areas hoped the legislation would give them more local control to achieve goals important to their cities, and indeed the Higher Education Restructuring Act changed budget allocations so many state funds would flow directly to the three regional campuses (and the newly formed Rutgers Biomedical and Health Sciences), rather than through the central university budget.

Finally, a prepared acquirer would have support systems that could be extended to the new operations such as accounting, human resource management, inventory, transportation, and marketing systems. Inefficiency or ongoing problems in any of these "back-office" areas could severely delay integration. Rutgers operated self-developed software systems that were becoming outdated, while at UMDNJ, many of these functions were decentralized to the various schools (*Molloy*).[27] Rutgers was also a typical large university, so complex and bureaucratic that deans and others developed workarounds to get things done (*R31, R34*). Such informal systems, even if effective, are difficult to codify so newly acquired personnel can understand the organization.

Personnel and culture issues. UMDNJ had been through a difficult decade, with changes in leadership, declines in state funding, instances of corruption, and financial monitoring under a Corporate Integrity Agreement (CIA) with the Office of the Inspector General of the US Department of Health and Human Services. Budget pressures and low morale led to a lack of cohesion across the UMDNJ schools, and many quality faculty members had departed (*R4, R6, R11, R39*). Then, rather than recognizing the strengths of UMDNJ, the rhetoric of elected officials, news media, Rutgers' leadership, and consultants surrounding the legislation seemed to emphasize its weaknesses. Governor Christie's public statements especially excoriated past UMDNJ leadership and cited scandals as a major reason for the merger.

President Barchi insisted that everyone at Rutgers use the term "integration" of the two universities, as the term "merger" evoked comparison to business acquisitions. The transition team, headed by Dr. Chris Molloy,

adopted this language, forming the Integration Management Office (IMO) with Functional Integration Teams made up equally of people from Rutgers and UMDNJ. However, by Day One of the new university structure (July 1, 2013), many people at UMDNJ said it felt more like a "takeover" as they learned what it meant for things to be done "the Rutgers way" (*R18, R02, R40*). When Brian Strom arrived as RBHS Chancellor in late 2013, and talked about aspirations to excellence, people from UMDNJ heard that nothing they had done was any good (*R11, R18, R21, R34*). Similarly, in Strom's first meeting with the board of Robert Wood Johnson University Hospital in New Brunswick, he said the existing situation wasn't worthy of the term "academic health center" and laid out criteria they should work towards together (*Strom*). Strom also frequently spoke about raising the reputation and rankings of the medical schools and dental school; but the UMDNJ administration had previously chosen not to participate in national rankings (*R25*). They understood the schools would not rank among the elite in the country, but mostly objected to the criteria that national publications would use. These examples are two areas in which Strom's statements made no direct assessment on the quality of individuals or programs: one was aimed at a partner hospital, and the other was changing an administrative decision. Yet they fit into an overall tone that people at the transferred units perceived as harsh and demeaning.

The key language to come out of the transition period was the term "legacy." Identifying which parts of the combined whole originally came from each university was necessary. For instance, since health insurance coverage differed across schools and unions, clear directions on how to inquire about one's correct insurance could be guided through reference to "legacy UMDNJ employees." However, based on numerous comments by respondents, three aspects of the legacy language bothered people. First, the term confirmed that UMDNJ was gone for good. Second, contributing to the sense that the integration was actually an acquisition, individuals, systems, and programs affiliated with UMDNJ were denoted "legacy" while generally the term "legacy Rutgers" was not used during the months leading up to Day One. Third, the term lumped together all parts of UMDNJ. Any policy or information system was "legacy UMDNJ" even though various schools within the university had different policies and systems. Now, it seemed to those faculty members that the Rutgers leadership was using UMDNJ as a pejorative term. The legacy terminology permeates the combined organization today, and is often cited as a barrier to people in RBHS feeling like they are part of "One Rutgers." A major reason for the continuation of the language is that RBHS includes both segments that were part of UMDNJ and segments that were part of Rutgers-New Brunswick, and those faculty

and staff had different unions, respectively. Currently, employees of Rutgers are represented by 24 different unions. For example, within the now-combined nursing school, faculty in legacy UMDNJ positions have different schedules, holidays, and benefits than the faculty who originated at Rutgers.

Overall, low morale, poor cohesion, and understaffing at UMDNJ at the time of the legislation, troublesome rhetoric and terminology during the integration, and persistent differences across schools discouraged the development of shared identity and commitment to the combined university. Turnover was not devastating. For example, the majority of deans at the UMDNJ schools continued under RBHS, or were promoted from within. However, as in corporate acquisitions, managing people was a major challenge.

Communication and information problems. In corporate M&A, the acquiring firm will conduct due diligence prior to finalizing an offer for the target firm. This period of intense examination is meant to uncover any surprises and lead to a fair valuation. In the case of the Rutgers-UMDNJ integration, Rutgers' attempts at due diligence were constrained by the fact that most of the transferred assets were only added to the mix in the few weeks leading up to the act passing the legislature, and while UMDNJ's books were public, due diligence involves more than an examination of financial statements. Companies performing due diligence commonly assess risks, related party transactions, outstanding litigation, human resources, material contracts, and many other aspects of a business. Via McCarter & English, financial consultants, Rutgers requested thorough records regarding the New Brunswick UMDNJ schools in early 2012. However, UMDNJ leadership was focused on negotiating with the state about their future funding and scope, and were reportedly reluctant to pore through records so as to pull out information on everything from debt to vehicles to lists of employees that would only pertain to those few schools. Thus, in this case, the integration period from the signing of the legislation until Day One provided opportunity for such assessments of all transferred units, but they were not completed prior to the legislation being signed. The surprise that RWJMS was running a multi-million-dollar deficit is described in the companion case study. Information later came to light revealing initial lack of understanding about UMDNJ by Rutgers' leadership in two additional areas: perception of quality, and requirements for IT-enabled communications.

Since some of the New Brunswick medical faculty had research ties to Rutgers over the years, the perception across Central Jersey was that Robert Wood Johnson Medical School (RWJMS) was a "crown jewel" of UMDNJ. This reputation extended to, and arose from, the School of Public Health and the

Cancer Institute of New Jersey, both of which started at RWJMS. People at Rutgers-New Brunswick who sought the transfer only of the New Brunswick schools of UMDNJ looked for, and found, areas of excellence there. However, integration leaders including Chris Molloy and Brian Strom stated that they were surprised to learn how excellent some researchers and clinicians at New Jersey Medical School actually were. Other academic units had specialized degree programs that were among the best in the country, such as the School of Health Professions (SHP) Physician Assistant program. Research was also strong at the Public Health Research Institute and among UMDNJ-affiliated faculty at inter-university centers: The Center for Advanced Biotechnology and Medicine, the Environmental and Occupational Health Sciences Institute, and the Institute for Health, Health Care Policy, and Aging Research. Some of these strengths were recognized in time to be included in Strom's first Strategic Plan, published in 2014, but Rutgers and RBHS leadership continued to learn more about people and programs in later years.

Both Rutgers and UMDNJ were typical, large state universities: research and curriculum might be cutting-edge, but the infrastructure had weaknesses. Insiders speculate that politicians, consultants, and the general public assumed one university was pretty much like another (*R9*). This did not mean, however, that the two universities matched up for easy combination. Prior to the integration, UMDNJ was highly decentralized. Each school in the university had its own CFO, admissions officers, registrar, and facilities management staff. The central administration in Newark oversaw major IT systems and financial decisions. Also, due to financial stress and a lack of growth while under the federal monitor, UMDNJ hadn't installed expensive new systems, constructed new buildings, or done major renovations of other space in several years. Rutgers ostensibly had a more centralized organizational structure, because, under a single accreditation, the president's administration served the New Brunswick, Newark, and Camden campuses. However, partly due to shrinking state contributions over the previous two decades, as of 2012, Rutgers also comprised a collection of older buildings and various IT systems. Upon arrival, President Barchi initiated a physical master plan as part of the strategic planning process, resulting in the first new buildings since 1989.[28]

Rutgers found it could not simply fold UMDNJ data and operations into its existing financial and IT systems. Functional integration committees ran into problems with employee and student records, email, and grants management (*Archives*). For instance, UMDNJ used the Banner ERP, while Rutgers had its own internally-designed suite called RIAS (for Rutgers Integrated Administrative Systems), which incorporated PeopleSoft (from Oracle). In the months leading up to Day One, IT administrators at the two

universities vied over ethical and efficient ways for UMDNJ to share confidential employee and student information with Rutgers. Rutgers IT architects initially wanted to add UMDNJ accounts to its existing services, but soon heard objections because the UMDNJ system had email filters and protocols for handling private medical data (under HIPAA statutes), whereas those features were lacking in the Rutgers system. At Day One, the Rutgers system did not always recognize students immediately (*Hamilton*).[29] Among "pain points" recalled by student services staff were delays of a few days when legacy UMDNJ students first went to the Rutgers dining hall or parking office and were not recognized by the system. Incoming students might have to provide written proof that they had been accepted to one of the RBHS schools to get help regarding residence halls or other campus amenities. UMDNJ leadership had seen themselves as providing a "concierge" level of service to students, partly as a way of training the students on how to treat patients.[30] With the size and geographic dispersion of Rutgers, students felt there were now more barriers to getting questions answered. Throughout the campus, faculty and staff stayed late, reviewed records, hand-entered information into databases, met with students to reassure them, and ensured no services were missed for veterans and students with disabilities (*Hamilton; R18, R38, R40*). A similar glitch came a few years into the integration, when the entire university switched email systems. Overnight, all listservs were gone, and had to be recreated by hand so faculty and program directors could reach students (*R5*).

UMDNJ managed research grants post-award through two offices, one in Newark and one in New Brunswick, and each school kept its own database of proposals and clinical trials. A UMDNJ administrator explains, "You had different people doing it. Everybody has their own interpretation of this data or that data or what you're supposed to put in this field [and] some people are just better record keepers than others" (*R28*). Rutgers-Newark and Rutgers-Camden also had separate grants management offices from Rutgers-New Brunswick. This complexity—and the volume of grants that needed to be revised to account for the fact that UMDNJ would no longer exist—created a situation in which many researchers had no access to funds at Day One. Clearing up legal and accounting issues took months, including for grants from the NIH (*R41*). The problems with grants management at Day One illustrate how information systems that are inefficient, or just customized to different requirements, can exacerbate financial, interpersonal, and interdepartmental tensions in a merger. These frictions gave occasion for people at both universities to question the competence and trustworthiness of those on the other side of the table.

Developments with Mixed Effects on Integration

Rutgers-wide administrative changes. In 2014, President Barchi and Rutgers Treasurer Michael Gower announced that the combined university would fully adopt Responsibility Centered Management (RCM), followed by introduction of new, unified systems for budget planning, procurement, and expense management by Fall 2016, and then HR and payroll.[31,32] The proposed benefits of RCM are accountability, transparency, a focus on academics, and predictability for long-range planning. This major change required each unit throughout the university to review its operations from the ground up. Deans and administrators[33] at RBHS schools—whether previously part of Rutgers or UMDNJ—appreciated that RCM forced everyone to face the true cost of programs, and eliminated workarounds (*R38*). The information has influenced decisions to cut some degree programs that were not generating revenue, adjust building plans to avoid creating excess space, and communicate goals for grant research to faculty. The medical schools knew that any budgeting system would tax their clinical revenues. The change was more disruptive to units without strong revenue streams, or units that shared personnel and space with other units (*R5, R19, R30*).

While the RCM model is effective at identifying and cutting waste, its disadvantage relative to other budgeting systems is that its rules tend not to promote growth and collaboration. Regarding growth, frictions occur especially in units that differ from the norm in some way, such as because they are expanding geographically, have distinct employee profiles, or had previously built excess capacity into their facilities. The more a unit grows in dollars and (primarily student) headcount, the higher the RCM charge. Collaboration for either research or educational programs is difficult. In a joint degree, which school bears the headcount fees? In interdisciplinary research, does the unit that receives the grant money provide all of the lab space? Chancellor Strom set up policies to get RBHS units working together through targeted allocation of shared funds (*Strom; R8, R15, R21*). As an example, suppose a new faculty member is hired with a tenure-track position in a given department, but whose research will mostly be conducted through a research center. The department pays the salary, but if grants come to the center that provides the lab facilities, the center keeps the grant indirects. Strom allots general funds from state appropriations to the department, equaling 50% of the person's salary and 10% of the indirects, to align incentives. The chancellor's office also assists with the start-up package for a new hire. The chancellors of the other Rutgers campuses are working out their own procedures to promote collaboration, since each has a different mix of funding sources. In sum, RCM is a prime example of how the university needs to set policies across-the-board just to manage the

complexity of the organization, but those policies cannot fit every part of the university equally well.

Implementation of a budget model also relies on accurate accounting. The first major step in unifying financial systems after the integration came in a new HR/Payroll, Procure to Pay, and Expense Management System, scheduled to go live for all of Rutgers in September, 2016. After committee deliberations and a bidding process, the administration selected Oracle as the provider, using a new, cloud-based version of their software to replace Banner (at UMDNJ) and RIAS (at Rutgers) for these tasks. The lead consultant overseeing the installation was Deloitte. The financial professionals at the various schools recognized that it was not feasible, let alone cost-effective, to patch the two systems together, and RIAS was so old it had to be replaced. A single solution was needed. In this transition, every account in the Rutgers system would need to be set up in a new chart of accounts, balances transferred, vendors authorized and entered, personnel cleared to make adjustments to appropriate accounts, and many other steps involving every departmental administrative staffer. Treasurer Michael Gower realized early in 2016 that, with other changes from the integration still ongoing, it would be difficult to be ready by September. He recommended a delay. However, President Barchi insisted on sticking to the schedule (*R20, R28, R32, R34*).

The new system, called Cornerstone, rolled out almost on schedule in early October, but it did not work. People could not access it, save their work, add vendors, or fill out expense reports.[34] When vendors were not paid, and started to cut Rutgers off, the problems hit the news media. While these problems were frustrating for departments wanting delivery of furniture or office supplies, it was critical for the clinical operations of RBHS. Rutgers later confirmed that between October and December, problems with 12,650 invoices—totaling $167 million in payments, including $78.8 million in payroll taxes due to the IRS—were not paid on time.[35] Staff were encouraged to use an emergency payment request system when necessary, and Rutgers paid for more consultants and programmers to fix problems and fill gaps. The Rutgers roll-out of the cloud-based software was the first at a major university. The Oracle cloud system simply did not include a module for grants management (whereas the standard Oracle system did), which was of great importance to the health sciences (*Strom*). Rutgers had to pay extra to build grants management capabilities. Moreover, the transition team could not easily port grants over from Banner to Cornerstone because records were kept in various locations and formats. Over 3,000 accounts had to be entered by hand.[36] Adding to the frustration for employees, Rutgers also switched its email system in Fall, 2016. Some people found all their email records

unavailable for a while, and everyone had to learn new addresses. Then, a clerical error regarding the university's D-U-N-S number interrupted grant processing (*R41*).

The change to RCM and the Cornerstone system had mixed effects on integration because unification was a necessary step to properly manage the combined university, but frustrations and resentment discouraged people—especially those in research-intensive, former UMDNJ schools and centers—from being committed to Rutgers. In a related change, Rutgers sought to achieve efficiencies and encourage collaboration through a stronger, centralized Office for Research and Economic Development (ORED). After the permanent RBHS chancellor arrived, Chris Molloy became Senior Vice President for Research and Economic Development. Just before the legislation, Rutgers-Newark was in the process of moving its grant accounting to Rutgers central. Over the first few years of the combined university, many of the staff from UMDNJ and from Rutgers-Newark left or were let go, and the remainder merged to work together in the Newark ORED office, with most staff in rented space in Central Jersey. Molloy brought in a licensing expert from the pharmaceutical industry to work with external legal counsel on patenting, among other efforts to enhance technology transfer and increase licensing revenue (which had been substantial at both Rutgers and UMDNJ). ORED also has responsibility for lab space on campus, and those facilities, including many transferred from UMDNJ, are a focus of ongoing complaint for researchers, especially in light of the RCM overhead (*R5, R8, R13, R21*). Three areas of concern have been that many transferred facilities were in poor shape or needed deferred maintenance; centralized scheduling, training, and policy-making emphasizes consistency, whereas researchers want customized service (e.g., for animal care); and many UMDNJ staff (e.g., for equipment maintenance) who stayed on through the integration now answered to an office in another county, not the dean of a particular school. ORED has cut costs, overseen repairs, clarified policies, moved many processes on-line, and supported multidisciplinary grant efforts. The results for integration are mixed in that different rules still apply for sharing licensing revenues depending on the whether the faculty inventor is in a legacy UMDNJ position,[37] and that a centralized office for geographically dispersed activities has sometimes reinforced the perspective of some schools, especially in Newark, that they are not fully a part of Rutgers (*R28*).

The scope of authority for each chancellor in Newark, New Brunswick, and Camden was delineated in the 2012 legislation. Increased budgetary control and status for the chancellors has facilitated growth of the smaller universities in North and South Jersey. In Newark, Chancellor Nancy Cantor

is introducing innovative educational programs and advancing the university as an "anchor institution" to revitalize the city. However, the addition of RBHS skewed the balance of the university. Now, New Brunswick and RBHS make up an even greater concentration of people and power, mostly in Central Jersey, relative to the Camden and Newark campuses. Therefore, the relationship between the various administrative units is still evolving. As evidence, Dr. Deba Dutta was hired as Chancellor of Rutgers-New Brunswick in 2017, and resigned in July, 2018, citing uncertainty about the "vision for the chancellorship."[38] Until a new equilibrium is reached, integration is not complete.

RBHS appointments and promotions policies. Chancellor Strom charged the provosts with coming up with new guidelines for Appointments and Promotions (A&P) to support RBHS goals. They developed new faculty tracks and raised expectations for faculty qualifications and productivity.[39] The A&P guidelines reserved the tenure track for active researchers, defined non-tenure tracks called Teaching, Clinical (Scholar or Educator), Professional Practice, and Research, and clarified additional categories for adjunct and visiting faculty, lecturers, and instructors.[40] This process had mixed effects on integration. The new guidelines accelerated integration because they established common standards across RBHS units, including those that had been part of UMDNJ and those from Rutgers. The process of negotiating the tracks also involved Rutgers' central administration with RBHS leadership. The guidelines also communicate more clearly to Rutgers' personnel how faculty in the health sciences are different, while maintaining a credible commitment to high quality. For instance, Rutgers policies might have stated that only "tenure-track" faculty could qualify for certain research funds or travel funds to present research; but many active researchers at RBHS would be in non-tenure tracks, yet still full-time. The consensus is that recruiting excellent faculty is easier under the Rutgers banner and with the clear guidelines, compared to the UMDNJ days. However, developing the A&P requirements also decelerated integration in the sense that the process became contentious between academic administrators and the faculty union. Union leadership did not want the administrators having town hall meetings with faculty to discuss the guidelines, considering that "direct dealing" in violation of the collective bargaining agreement (*R6, R23, R29*). Further, standardization of guidelines created difficulties for some schools in hiring and retention, particularly the School of Health Professions, whose full-time faculty realized that promotion would require degrees and activities that most did not have. Many experienced faculty members learned they would never have a chance at tenure, which was demoralizing, and in the unionized

environment, promotion and raises are linked, although out-of-cycle raises can also occur. Clear, common standards are imperative for the university to move forward, but attention to A&P took time and energy away from other, more cooperative tasks, creating mixed effects on integration.

Conclusion

Prior case studies and analyses of mergers in higher education suggest "Visionary, transformational leadership that is sensitive to cultural factors greatly facilitates merger processes."[41] On the other hand,

> ...'top-down' mergers are not necessarily as successful in publicly-funded organizations as they are in the public sector. Hospitals and higher education institutions are hybrid organizations that are composed of a cadre of highly skilled professionals enjoying a relatively high degree of decision making autonomy. Thus, traditional 'top-down' (centralized) management systems are not necessarily fit...[42]

Therefore, it is a mistake to think of all universities as having the same culture, or even one university as having a single culture. Shared meanings, values, and standards of behavior may be common across the campus, facilitated by symbols and stories, but there are also subcultures and "anti-cultures."[43] Cultural alignment is made more difficult when there is geographic distance between component campuses or pre-existing competition between campuses.[44] A quest to create a common culture may be doomed from the start. Instead, scholars have focused on whether the individuals in a merger share an identity, a sense of belonging to the same organization. Identification with the new, merged organization depends on pre-merger identity, continuity of the individual's 'in-group' within the broader organization, and perception of fair treatment.[45] The case of Rutgers and UMDNJ illustrates the tension between trying to create interactions between groups through shared services and allowing subcultures to thrive: "Too tight a central control could inhibit the flexibility and initiative of the academic communities and increase their sense of alienation from the centre...too loose a control could risk the integral identity of the institution."[46]

The way RBHS works with and within Rutgers continues to develop. Interview respondents frequently noted that five years is too short a time to evaluate the success of the integration, especially in terms of synergies between the schools and programs. However, the challenges so far indicate the type of dangers that can undercut the mission of any institution of higher

education. Upon being asked "How could RBHS fail going forward?" respondents often began by discussing issues specific to their school or administrative function, but then clarified that outcomes for students, patients, or programs all depend on internal cooperation. Dr. Joel Cantor, Distinguished Professor of Public Policy and founding Director of the Center for State Health Policy, summarizes:

> Over a 20-year time horizon, ... if we're not really one enterprise, if Rutgers is still a holding company for different enterprises that still have terrible barriers working together, if we still have financial incentives that drive wedges between units, ...if people can't make the effort and if they can't work it out, I think that's failure.[47]

Continuity in leadership is likely to benefit further movement toward completed integration. In academic year 2018-19, President Barchi agreed to continue in his post for at least two more years, Chancellor Strom was reappointed for another five-year term as Chancellor, and Chris Molloy stepped in as Chancellor for Rutgers-New Brunswick. The current strategic plans for the university and RBHS set the agenda through 2019. The other accelerators are still in place, and decelerators have mostly run their course.

Authors

Doug Miller is an Associate Professor in the Department of Management & Global Business at Rutgers Business School-Newark and New Brunswick. His research on corporate strategy has been published in leading management journals, covering such topics as diversification, vertical integration, managing technological resources, acquisitions, and development of new capabilities. He regularly teaches an MBA course in "Mergers, Acquisitions, and Alliances." Dr. Miller has served in leadership positions in the Academy of Management and Strategic Management Society, and has been a Fulbright Specialist in Peru.
email: doug.miller@rutgers.edu

Cynthia Golembeski is a Law Student as well as a Doctoral Student in the School of Public Affairs and Administration at Rutgers University. She holds a master's degree in public health from Columbia University and an undergraduate degree from UC Berkeley. She is currently a Robert Wood Johnson Foundation Health Policy Research Scholar and teaches with the New Jersey Scholarship and Transformative Education in Prisons Consortium (NJ-STEP). Her research interests relate to health equity with specific attention toward violence prevention, access to justice, and criminal justice reform.
email: cynthia.golembeski@rutgers.edu

Endnotes

1. Harman, G., & Harman, K. (2003). Institutional mergers in higher education: lessons from international experience. *Tertiary Education and Management, 9*, 29-44.
2. Kastor, J.A. (2003). *Mergers of Teaching Hospitals in Boston*, New York, and Northern California. Univ. of Michigan Press.
3. Johnes, J., & Tsionas, M.G. (2018). Dynamics of inefficiency and merger in English higher education from 1996/97 to 2008/9: a comparison of pre-merging, post-merging and non-merging universities using Bayesian methods. *The Manchester School*, 1-27.
4. Cai, Y., & Yang, X. (2016). Mergers in Chinese higher education: lessons for studies in a global context. *European Journal of Higher Education, 6*, 71-85.
5. Frølich, N., Trondal, J., Caspersen, J., & Reymert, I. (2016). Managing mergers—governancing institutional integration. *Tertiary Education and Management, 22*, 231-248.
6. Harman, G., & Harman, K. (2008). Strategic mergers of strong institutions to enhance competitive advantage. *Higher Education Policy, 21*, 99-121.
7. Thomas, M.K. (2015). Between Collaboration and Merger: Expanding Alliance Strategies in Higher Education. TIAA Institute. Retrieved from tiaainstitute.org.
8. Curri, G. (2002). Reality versus perception: restructuring tertiary education and institutional organisational change—a case study. *Higher Education, 44*, 133-151.
9. Meek, V.L., Goedegebuure, L., Santiago, R., & Carvalho, T. (2010). *The Changing Dynamics of Higher Education Middle Management*. Drodrecht: Springer.
10. Kyvik, S. & Stensaker, B. (2013). Factors affecting the decision to merge: the case of strategic mergers in Norwegian higher education. *Tertiary Education and Management, 19,* 323-337.
11. Cai, Y., Pinheiro, R., Geschwind, L., & Aarrevaara, I. (2016). Towards a novel conceptual framework for understanding mergers in higher education. *European Journal of Higher Education, 6,* 7-24.
12. Pinheiro, R., Aarrevaara, T., Nordstrand Berg, L., Geschwind, L., & Torjesen, D.O. (2017). Strategic mergers in the public sector: comparing universities and hospitals. In *Mergers and Acquisitions in Practice* (pp. 44-68), Tarba, S., Cooper, R., & Sarala, C. (eds.), New York: Routledge.
13. Johnes, J., & Tsionas, M. G. (2018). Dynamics of inefficiency and merger in English higher education from 1996/97 to 2008/9: a comparison of pre-merging, post-merging and non-merging universities using Bayesian methods. *The Manchester School*, 1-27.
14. Harman, G., & Harman, K. (2008). Strategic mergers of strong institutions to enhance competitive advantage. *Higher Education Policy, 21*, p. 107.
15. McGinnis, R. A., McMillen, W., & Gold, J. P. (2007). Merging two universities: The Medical University of Ohio and the University of Toledo. *Academic Medicine, 82*, 1187-1195.
16. Locke, W. (2007). Higher education mergers: integrating organisational cultures and developing appropriate management styles. *Higher Education Quarterly, 61,* 83-102. See p. 91.
17. Articles and case studies were not subject to editorial control by leaders of RBHS or Rutgers University. Special gratitude is due to Dr. John Kastor, Professor Emeritus at the University of Maryland School of Medicine, for advice and guidance on the methodology and scope of this research.
18. Official biography of Dr. Robert Barchi. *Rutgers University.*
19. Interview with BL Strom, Chancellor, Rutgers Biomedical and Health Sciences, May 2018.
20. Zernike, K. (2013, April 4). Pressure builds on Rutgers president. *New York Times.*

21. Official biography of Dr. Brian Strom. *Rutgers University.*

22. Interview with KR Reuhl, Director of the Rutgers Environmental and Health Sciences Institute, August 2017.

23. This statement was repeated in several interviews, dates confidential.

24. Interview with VH Gracias, Senior Vice Chancellor, Clinical Affairs for RBHS, August 2017.

25. Livio, S. K. (2018, July 24). Big hospital chain pledges $1B to boost medical research with Rutgers in N.J. *NJ.com.*

26. Interview with SK Libutti, Director of Rutgers Cancer Institute of New Jersey, August 2017; and other interviews.

27. Interview with CJ Molloy, Vice President for Research and Economic Development, September 2017.

28. Birritteri, A. (2016, November 7). Barchi's four-year Rutgers revolution. *njbmagazine.com.*

29. Interview with S Hamilton, Registrar at UMDNJ and now RBHS, August 2017.

30. Interview with J O'Sullivan Maillet, Interim Dean, School of Health Professions, 2008-2015, August 2017.

31. Gower, M. (2014). Treasurer's Town Hall presentation. *finance.rutgers.edu.*

32. RCM was created at the University of Pennsylvania in the 1970s to address financial shortfalls. Versions have since been developed at major public and private universities nationwide, and both Rutgers and UMDNJ had used versions of it. RCM is intended to decentralize responsibility for both direct and indirect costs consistent with the decentralization of employee-related and student-related decisions. Given President Barchi's long-time familiarity with RCM from his time at Penn, and the challenges of managing multiple campuses equitably, he likely would have implemented the new system within a few years of starting at Rutgers, regardless of the UMDNJ integration.

33. Interview with JA Barone, Dean of the Ernest Mario School of Pharmacy, October 2017. Interview with W Holzemer, Dean of the School of Nursing, August 2017.

34. The lack of beta testing prior to launch was illustrated by the fact that no one had tried out the system on a Mac computer until after it went live (*R8*). Faculty were informed to simply not request funds for weeks while things got sorted out. Schools had to stop ordering supplies and cancel outstanding orders. Some students on work-study or other campus employment did not get paid until December. Administrators couldn't get access to payroll reports.

35. Alex, P. (2017, January 5). Rutgers, UMDNJ merger delays payments to vendors. *NorthJersey.com*

36. Statement by Pres. Barchi to the Rutgers University Senate, Sept. 22, 2017, as recorded by D. Miller.

37. Rutgers University policy library. *orc.rutgers.edu*. See policies for inventors depending on their status as Legacy Rutgers or Legacy UMDNJ.

38. Email from Dr. Dutta to Rutgers mailing lists, July 25, 2018.

39. Interview with JL Carson, RBHS Provost for New Brunswick, September 2017.

40. Retrieved from *rbhs.rutgers.edu/appointments.shtml.*

41. Harman, G., & Harman, K. (2003). Institutional mergers in higher education: lessons from international experience. *Tertiary Education and Management, 9*, see p. 40.

42. Pinheiro, R., Aarrevaara, T., Nordstrand Berg, L., Geschwind, L., & Torjesen, D.O. (2017). Strategic mergers in the public sector: comparing universities and hospitals. In *Mergers and Acquisitions in Practice* (pp. 44-68), Tarba, S., Cooper, R., & Sarala, C. (eds.), New York: Routledge. See p. 53.

43. Harman, G. (1989). Culture and conflict in academic organization: symbolic aspects of university worlds. *Journal of Educational Administration, 27*, 30-54.

44. Locke, W. (2007). Higher education mergers: integrating organisational cultures and developing appropriate management styles. *Higher Education Quarterly, 61,* 83-102.

45. Gleibs, I.H., Mummendey, A., & Noack, P. (2008). Predictors of change in postmerger identification during a merger process: a longitudinal study. *Journal of Personality and Social Psychology, 95*, 1095-1112.

46. Locke, W. (2007). Higher education mergers: integrating organisational cultures and developing appropriate management styles. *Higher Education Quarterly, 61*, 83-102. See p. 89.

47. Interview with JC Cantor, Distinguished Professor of Public Policy and founding Director of the Center for State Health Policy, October 2017.