



SWANSEA METROPOLITAN UNIVERSITY
PRIFYSGOL FETROPOLITAN ABERTAWE

**Co-opetitive Assessment for the Corporate Strategy of Higher
Education Institutions in Wales: An Critical Evaluation of the
Relevance to Swansea Metropolitan University**

**A dissertation submitted to the University of Wales in fulfilment of the
requirement for the degree of Master of Business Administration**

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May 2012

DECLARATION

This work has not previously been accepted in any substance for any degree and it is not being concurrently submitted in candidature for any degree.

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ABSTRACT

Co-opetition is one of the common corporate strategies, where individual organisations work in rivalry as a result of conflicting commercial interests, as well as, simultaneously, cooperating for mutual benefits (Brandenburger and Nalebuff, 2002).

The purpose of this MBA research was to conduct a critical co-opetitive assessment for the corporate strategy of Higher Education Institutions (HEIs) in Wales, with an in-depth evaluation of the relevance to Swansea Metropolitan University (SMU), in the context of its current institutional changing environment (caused by the merger). This was achieved through a combination of both quantitative and qualitative research methods, namely content analysis (for supplementary and secondary data collection) and semi-structured interviews (for main and primary data collection) respectively.

This study started with a critical review of literature in relation to co-opetition, its origin, development, application and significance in modern business. By utilising the corporate theories, it then evaluated the co-opetition and merger developments in the Welsh HE sector. After that, a critical reflective SWOT analysis was conducted to analyse the status quo of SMU, regarding its strategic development.

By applying various corporate theories, including completion, co-opetition and exclusive collaboration (i.e. merger), the researcher had innovatively applied the Value Net co-opetitive framework to assess critically the implications and influences from the planned merger involving SMU and two other regional universities. It concluded that the vast majority of actual findings (i.e. the implications and influences) match closely with the relevant theories. It also suggested SMU's merger would bring significantly more advantages to the organisation than the disadvantages. Furthermore, recommendations to SMU, other Welsh HEIs, the Welsh Government and future research were also provided.

TABLE OF CONTENTS

DECLARATION.....	I
ACKNOWLEDGEMENTS	II
ABSTRACT.....	III
TABLE OF CONTENTS	IV
LIST OF FIGURES	VIII
LIST OF TABLES	X
NOMENCLATURE.....	XI
1. INTRODUCTION	1
1.1 Background of the research.....	1
1.1.1 The commercialised UK Higher Education sector	1
1.1.2 Overview of the Welsh Higher Education	4
1.1.3 The challenges facing Welsh HEIs	7
1.1.4 Co-opetition and its existence in the HE sector	8
1.2 Research rationale	10
1.3 Aim and objectives.....	12
1.4 Potential contribution.....	13
1.5 Structure of study	13
2. LITERATURE REVIEW	15
2.1 Corporate strategy: Co-opetition	15
2.1.1 Theoretical concept and origin.....	15

2.1.2	Porter's Five Forces model (the competition business theory).....	17
2.1.3	The Value Net model (Co-opetition)	18
2.1.4	The advantages and disadvantages of Co-opetition.....	21
2.2	Applications and some common forms of Co-opetition	22
2.3	Evaluation of the utilisation of Co-opetition in Welsh HE sector	28
2.3.1	Strategic alliances between Welsh HEIs.....	28
2.3.2	Franchising partnerships with Further Education colleges	30
2.3.3	Licensing to private schools and colleges.....	32
2.3.4	Joint venture and some other co-opetition activities.....	35
2.4	Links between Co-opetition and Merger and Acquisition (M&A)	37
2.4.1	The definition of M&A corporate strategy	37
2.4.2	Similarities and differences between Co-opetition and M&A.....	39
2.4.3	Rivalry, Co-opetition and Exclusive Collaboration (i.e. M&A).....	40
2.4.4	High failure rate of M&A and its causes	42
2.4.5	Criticism of M&A and the demand for an alternative (Co-opetition)	43
2.5	Brief review of recent merger cases involving Welsh HEIs.....	45
2.5.1	Completed / successful mergers.....	45
2.5.2	Uncompleted / unsuccessful mergers.....	47
2.5.3	Welsh Government's latest HE reconfiguration plan	49
2.6	Summary of the Literature Review.....	51
3.	RESEARCH METHODOLOGY	52
3.1	A combined qualitative and quantitative approach	52
3.2	Defining research questions and linking them with the objectives	54

3.3	Data collection techniques.....	56
3.3.1	Choosing data collection methods for this research	56
3.3.2	Secondary data collection (content analysis)	57
3.3.3	Primary data collection (semi-structured interview).....	60
3.4	Limitations of the research	64
3.4.1	Technical limitations of the research methodology	64
3.4.2	Barriers and difficulties of conducting the research	65
3.4.3	Ethical and moral considerations	65
3.4.4	Reliability and validity	66
3.5	Research planning and milestones	67
4.	RESULTS ANALYSIS	68
4.1	The structure of this Chapter	68
4.2	Current strategic evaluation (a SWOT analysis).....	68
4.2.1	Strengths	70
4.2.2	Weaknesses	72
4.2.3	Opportunities.....	75
4.2.4	Threats.....	76
4.3	Co-opetitive (Value Net) assessment for the merger corporate strategy.	77
4.3.1	The organisation (SMU)	79
4.3.2	Competitors (and competitiveness).....	86
4.3.3	Customers (Students)	89
4.3.4	Complementors (Government and funding body)	91
4.3.5	Suppliers (Partnered institutions and agencies)	94
5.	CONCLUSIONS AND RECOMMENDATIONS	96

5.1	Limitation of the research project.....	96
5.2	Achievements of objectives and links with the theory.....	101
5.3	Recommendations.....	107
5.3.1	Recommendations to SMU and other Welsh HEIs.....	107
5.3.2	Recommendations to the Welsh Government and HEFCW.....	109
5.3.3	Recommendations for future research	111
6.	BIBLIOGRAPHY.....	113
7.	APPENDICES.....	122
	Appendix 1 – Primary data collection: semi-structured interview	122
	Appendix 2 – Merger announcements concerning SMU, UoW and TSD	125
	Appendix 3 – Welsh HEIs financial status datasheet 2009/10	129
	Appendix 4 – Welsh HEIs income and expenditure data from 2007 to 2010	130
	Appendix 5 – Welsh Government HE reconfiguration and collaboration fund commitments	131

LIST OF FIGURES

Figure 1.1 – Welsh Government’s plan in reducing the numbers of Welsh HEIs.....	7
Figure 2.1 – Co-opetition Venn Diagram, illustrating the origins of the concept.....	16
Figure 2.2 – Porter’s Five Forces model.....	18
Figure 2.3 – The Value Net diagram.....	19
Figure 2.4 – Two nationwide strategic alliance groups representing Welsh HEIs.....	28
Figure 2.5 – ICWS: An Affiliate College of Swansea University.....	33
Figure 2.6 – A sample copy of a student transcript issued by LSC.....	34
Figure 2.7 – The five-stage evolution process from Rivalry to Co-opetition and to exclusive Collaboration (e.g. M&A)	40
Figure 3.1 – Data collection methods for this research	56
Figure 3.2 – Snapshot of obtained university prospectuses and marketing materials..	59
Figure 4.1 – Proportion of international students at SMU with Wales and UK average figures.....	72
Figure 4.2 – Course comparisons between SMU, UoW TSD and SU in 2011.....	73
Figure 4.3 – The utilisation of Value Net model to SMU.....	77
Figure 4.4 – Financial status of UoW Lampeter, TUC and SMU in 2010.....	79
Figure 4.5 – Student enrolments comparison with the current largest four universities in Wales.....	85
Figure 4.6 – Subject distributions (student enrolments) for SMU and UoW TSD.....	86
Figure 4.7 – Subject distributions (student enrolments) after the merger.....	87
Figure 4.8 – International student tuition fee comparison, SMU and UoW TSD.....	89
Figure 4.9 – Average HEI student enrolments across the UK in 2011.....	90
Figure 4.10 – Staff costs at UoW Lampeter, TUC and SMU in 2009/10.....	91

Figure 5.1 – SMU’s evolution process from Rivalry to Co-opetition and to exclusive Collaboration (e.g. Merger) with its competitors.....	103
Figure 5.2 – Doctorate research proposal in the subject of HE co-opetition.....	111

LIST OF TABLES

Table 1.1 – Numbers of UK HEIs and student enrolments in 2011.....	1
Table 1.2 – International students enrolled in the UK HEIs in 2010	3
Table 1.3 – Higher Education Institutions in Wales.....	4
Table 1.4 – University of Wales Alliance and St David’s Group.....	9
Table 2.1 – Key advantages and disadvantages of co-opetition.....	22
Table 2.2 – A comprehensive analysis of common forms of co-opetition with real business examples.....	24
Table 2.3 – Main similarities and differences between Co-opetition and M&A.....	39
Table 2.4 – A review of recent completed mergers in Welsh HE industry.....	45
Table 2.5 – A review of recent uncompleted mergers in Welsh HE industry.....	47
Table 2.6 – A summary of Welsh Government’s latest HE reconfiguration plan.....	49
Table 3.1 – A comparison between quantitative research and qualitative research....	52
Table 3.2 – Linking the research questions with the objectives.....	55
Table 3.3 – Main resources for the content analysis.....	59
Table 3.4 – the list of participants for the semi-structured interview.....	63
Table 3.5 – Time planning for this MBA research.....	67
Table 4.1 – A SWOT analysis of the studying institution.....	69
Table 4.2 – Planned senior management change after the merger.....	79
Table 4.3 – Content analysis of non-academic operations of SMU, TSD and UoW...82	
Table 4.4 – Content analysis of academic operations of SMU, TSD and UoW.....	84
Table 4.5 – International student tuition fee increase, SMU and UoW TSD.....	89
Table 4.6 – Summary of responses from some identified “suppliers” for SMU.....	93
Table 5.1 – Reflecting the theories with actual findings for SMU’s merger case.....	104

NOMENCLATURE

FE.....	Further Education
FEIs.....	Further Education Institutions
HE.....	Higher Education
HEFCE.....	Higher Education Funding Council for England
HEFCW.....	Higher Education Funding Council for Wales
HEIs.....	Higher Education Institutions
ITT	Initial Teacher Training
QTS.....	Qualified Teacher Status
RWCMD.....	Royal Welsh College of Music and Drama
SME.....	Small-Medium Enterprise
SMU.....	Swansea Metropolitan University
SU.....	Swansea University
TUC.....	Trinity University College
UCAS.....	Universities and Colleges Admissions Service
UCU.....	University and College Union
UoG.....	University of Glamorgan
UoW.....	University of Wales
UoW Lampeter.....	University of Wales, Lampeter
UoW TSD.....	University of Wales, Trinity Saint David
UWIC.....	University of Wales Institute, Cardiff
UKCISA.....	UK Council for International Student Affairs
VC.....	Vice-Chancellor
W(A)G.....	Welsh (Assembly) Government

1. INTRODUCTION

1.1 Background of the research

1.1.1 The commercialised UK Higher Education sector

Generally speaking, all UK universities and Higher Education Institutions (HEIs) have been established by the Royal Charter and approved by the Privy Council, so that they become recognised bodies of awarding HE and HE related degrees (Universities UK, 2011). They are funded by specific HE Funding Councils and monitored by the HE Quality Assurance Agency (QAA). Their responsibilities are to ensure sound financial supports and good standards of HE qualifications respectively (QAA, 2011 and HEFCE, 2011 [1]).

Table 1.1 – Numbers of UK HEIs and student enrolments in 2011
(Universities UK, 2011 and UKCISA, 2011)

Country	Universities	HEIs (inc universities)	% of HEIs	Student enrolments	% of Enrolments
England	89	131	79.4%	2,093,469	84.1%
Scotland	14	19	11.5%	215,816	8.7%
Wales	10	11	6.7%	126,474	5.1%
Northern Ireland	2	4	2.4%	52,864	2.1%
UK (in total)	115	165	100%	2,488,622	100%

As can be seen from Table 1.1, as at the beginning of the academic year 2011/2012, there are in total 165 HEIs (including universities) across the UK. Additionally,

according to the Universities and Colleges Admissions Service (UCAS, 2011), a further number of 150 institutions, such as public Further Education (FE) colleges and private colleges, also offer HE courses. A total number of approximately 2.5 million students, including students from UK, EU non-EU countries, have enrolled on the full time, part time and distance learning HE courses at these UK HEIs (UKCISA, 2011).

BBC China (2010) reports that universities and HEIs in the UK brought together approximately £39 billion to the country's economy in the 2009/2010 academic year. This figure also includes the money that students, staff (including lecturers) and visitors spent in universities' surrounding local communities. It can be argued that the development of HE sector in the UK over the past two decades has become more and more commercialised. UK universities have implemented various business and marketing strategies to attract and recruit potential customers, including students and investors (British Council, 2011 and THE, 2011).

In particular, the financial contributions from international students (non UK or European students) have been highly significant. According to HEFCE (2011), in the academic year of 2010/2011, the earnings from international student recruitment were approximately £2.5 billion. In addition, another £2.5 billion was spent by international students on goods and services while they were studying in the UK. Taking the FE colleges and language schools into account, the annual contribution from international students into the UK economy is approximately £9 billion.

Table 1.2 – International students enrolled in the UK HEIs in 2010 (UKCISA, 2011)

Country	Total international students	% of international student
England	334,955	16%
Scotland	41,005	19%
Wales	24,030	13%
Northern Ireland	5,815	11%
<i>UK (in total)</i>	<i>405,805</i>	<i>15%</i>

Table 1.2 exhibits the number of international students and their proportion in each UK nation's HEIs in 2010. Studies have found that the total enrolment of international students in the UK has increased by more than 50% over the past 10 years, yet the overall enrolment in UK HEIs is still dominated by UK and European students (UKCISA, 2011).

It appears evident that as a result of current significant cuts to universities' budgets, UK universities are now particularly looking at ways to raise their international student numbers, in order to increase their revenues and to fill up the gaps from the falling budgets (British Council, 2011). The increase of UK universities tuition fees in 2012 is predicted to see a considerable reduction for UK and European students, which would potentially drive UK HEIs towards "aggressive" recruitment activities for foreign students (Shepherd, 2011).

1.1.2 Overview of the Welsh Higher Education

According to Higher Education Funding Council for Wales (HEFCW, 2011 [1]), HE courses in Wales are mainly offered by Wales's 12 HEIs, including Open University in Wales and the Royal Welsh College of Music and Drama (RWCMD). Table 1.3 below exhibits these 12 Wales's HEIs with their locations and student enrolments.

Table 1.3 – Higher Education Institutions in Wales (HEFCW, 2011 [1])

University (in alphabetic order)	Location	Enrolments 2010	% Enrolments
Aberystwyth University	Ceredigion	10,370	7.50 %
Bangor University	Gwynedd	10,080	7.29 %
Cardiff University	Cardiff	29,701	20.90 %
University of Glamorgan	Pontypridd & Cardiff	28,701	20.79 %
Glyndŵr University	Wrexham	7,805	5.65 %
University of Wales, Trinity Saint David	Ceredigion and Carmarthenshire	4,572	2.86 %
University of Wales, Newport	Newport	8,045	5.83 %
The Open University in Wales	Cardiff	5,635	4.09 %
Swansea Metropolitan University	Swansea	6,970	5.05 %
Swansea University	Swansea	13,955	10.3%
University of Wales Institute, Cardiff	Cardiff	10,154	7.34 %
Royal Welsh College of Music and Drama	Cardiff	660	0.48 %
	Total enrolments	138,247	100 %

The Independent (2009) states that in the old days (approximately from early 1900s to the early 1990s), all Welsh HE “came under one umbrella”, i.e. all institutions in Wales offered degrees which were regulated and awarded by the University of Wales (UoW). However, following some major structural change and reform in the past

decade, this unity has now been “shattered”, especially after the “big four” Welsh universities (Aberystwyth, Bangor, Cardiff and Swansea), which were all originally members of the UoW, broke away from this federal structure.

As can be seen from Table 1.3, the majority of the restructured Welsh HEIs are small or medium sized (enrolments < 15,000). The size and shape of the HE sector in Wales has been criticised by the governing bodies, both the Welsh Government and the HEFCW for a number of years, that there are “too many HEIs in Wales which are too small” (Welsh Government, 2011 [1]). This structural feature is referred to as a competitive disadvantage, which has led the Welsh HE becoming sub-optimal and not serving Wales as well as it could (HEFCW, 2011 [2]).

Additionally, recent reports and independent reviews (BBC News, 2010, HEFCW, 2011 [2] and Welsh Government, 2011 [1]) also indicate that the financial fitness of almost half of Welsh HEIs is unsustainable. As a result, there has been an increasing pressure and enforcement to some extent given by the governing bodies to reduce the number of Welsh HEIs through reconfiguration and intensive collaborations.

In the last decade, most of the Welsh HEIs have already participated in the process of merger and alliance. For example, an alliance partnership was established between the University of Glamorgan (UoG) and the Royal Welsh College of Music and Drama (RWCMD) in 2007 (RWCMD, 2011); the merger of the Wales College of Medicine and Cardiff University took place in 2004 (Cardiff University, 2011); and, Trinity University College (TUC), Carmarthen and University of Wales, Lampeter (UoW,

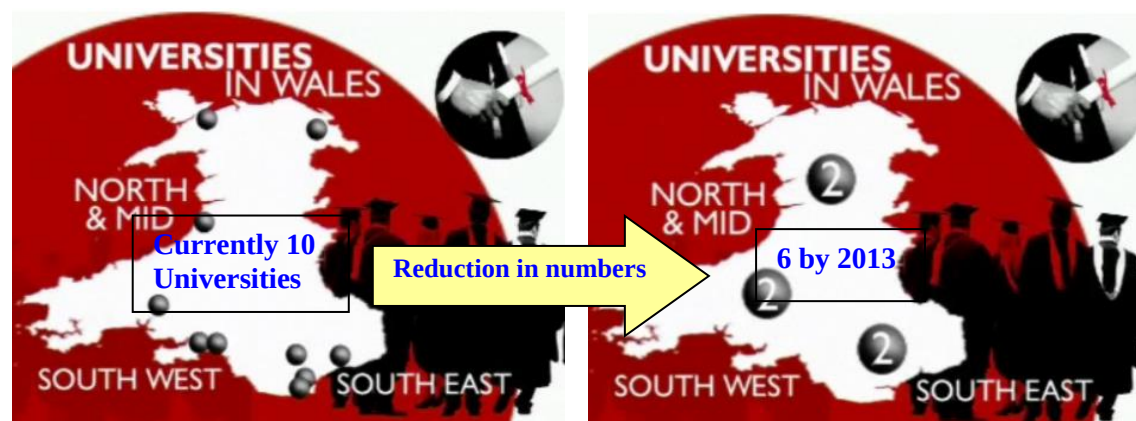
Lampeter) merged in 2010 to form the newly named University of Wales, Trinity Saint David (BBC News, 2011 [2]).

A number of other Further Education (FE) colleges and universities cross Wales have also been engaged with talks and negotiations for potential mergers and collaborations. Through these activities, it has brought the total number of Welsh HEIs, including the Open University in Wales, from fifteen in 2000, down to its current number of twelve (HEFCW, 2011 [2]). BBC News (2011 [2]) states that the short to medium term plans, proposed by the Welsh Government, are to create “fewer but stronger” universities in Wales. The Government ambition is to halve its current number of HEIs (twelve) by 2013. Furthermore, geographically, the future distribution of Welsh HEIs needs to fit and meet the regional demands for HE with higher efficiency. That means there should be no more than two institutions in each region of Wales after 2013.

On the other hand, the proposed plans and ongoing processes, with respect to the mergers in between Welsh HEIs, have created a series of concerns and fears, from the lecturers, staff and students from the participating institutions, some of the teachers and lecturers unions, prospective students and their parents etc. According to BBC News (2011 [2]), the University and College Union (UCU) Wales, which represents staff from universities and colleges in Wales, has expressed fears that the mergers would cause some unavoidable redundancies for university staff and lecturers. The National Union of Students (NUS) also feels uncertain about the availability of future courses and the effects from the structural change on current and potential students.

1.1.3 The challenges facing Welsh HEIs

Recent reports (BBC News, 2011 [1] and Western Mail, 2011) indicate that the HE sector in Wales is encountering increasing challenges and HEIs are urged by Ministers and independent reviewing bodies to undertake radical changes. There have been increasing pressures given by the Welsh Government, as well as, the Higher Education Funding Council for Wales (HEFCW) for the universities in Wales to reform in order to build for the future and become more competitive. The plan is to halve the number of Welsh universities through mergers and intensive collaboration.



Note: ● - Universities in Wales

Figure 1.1 – Welsh Government's plan in reducing the numbers of Welsh HEIs (BBC News [3], 2011)

Figure 1.1 exhibits the Welsh Government's blueprint for reconstructing the HE system in Wales, with the intention to reduce the number of Welsh HEIs from ten to six by 2013. By achieving this, the Welsh Government claims it would create fewer but stronger and more efficient Welsh universities, which would also bring greater competitiveness and sustainability to the HE sector in Wales (Welsh Government, 2011 [1]). According to the HEFCW (2011 [2]), this Welsh HE reconstruction is set

to be achieved through two corporate strategies, namely collaboration and mergers between different Welsh universities.

1.1.4 Co-opetition and its existence in the HE sector

Furrer (2010) describes corporate strategy is the overall scope and direction of a corporation and the way in which its various business operations work together to achieve particular goals. According to Dixit and Nalebuff (2010), co-opetition is one of the common corporate strategies, which describes the combination of collaboration and competition existing between businesses.

It is an innovative business relationship, where individual organisations work in rivalry as a result of conflicting commercial interests, as well as, simultaneously, cooperating for mutual benefits (Brandenburger and Nalebuff, 2002). Co-opetition occurs when competitors (organisations) work together for some parts of their business activities, where both parties do not believe they have competitive advantage and where they believe they can share common costs (Padula and Dagnino, 2007).

It is proposed by a number of researchers (Bengtsson & Kock, 2003 and Zineldin, 2004) that for business to survive and grow in this fast changing and challenging business environment, company managers and leaders should consider the potential benefits of collaborating with others, as a tool to sustain in the same market. According to Zineldin (2004), co-opetition partnerships enable the parties involved to respond more quickly and more effectively, by sharing resources, experiences and expertise, to the threats and opportunities emergent in the current business world.

With respect to the development of co-opetition in the HE sector in the UK, it can be argued that many HEIs nowadays are acting in a similar way as “commercial” organisations, where HEIs and universities compete with each other for government or private funding, investment opportunities, student enrolments, research development and student performances etc (Gidley et al, 2010). The concepts and phenomena of collaboration and competition therefore apply to and exist in the HE sector.

For instance, universities in Wales have distinguished themselves into two major nationwide HE collaborative groups in recent years, which include the University of Wales Alliance with five similarly structured universities, and, the St David’s Group composed of other five but bigger Welsh universities (Aberystwyth University, 2011 and UoW, 2011). Table 1.4 summarises these two HE groups in Wales with their enrolment information. Such strategic alliance group is a typical form of co-opetition (more details see Chapter 2.3).

Table 1.4 – University of Wales Alliance and St David’s Group (HEFCW, 2011 [1])

	Members	Enrolments in Wales (2010)
UoW Alliance (Found in 2004, restructured in 2008)	Glyndŵr University Swansea Metropolitan University University of Wales University of Wales Institute, Cardiff University of Wales, Newport University of Wales, Trinity Saint David	7,805 6,970 N/A 10,154 8,045 4,572 Total: 37,141
St David’s Group (Found in March 2010)	Aberystwyth University Bangor University Cardiff University Swansea University University of Glamorgan	10,370 10,080 28,701 13,955 28,701 Total: 91,807

It is also worth mentioning, as well as the co-opetition relationships developed in between Welsh HEIs nationally, many Welsh HEIs have also developed international co-opetitive partnerships with overseas institutions, to expand their operations abroad and increase international student enrolments. It is believed the roles of international students are vital for the future of Welsh HEIs (BBC News, 2011 [2]). The national and international co-opetition development in HE would help further develop the institutions with many potential benefits.

1.2 Research rationale

The status quo of Welsh HE is criticised by governing and funding bodies as not sustainable for the future (BBC News, 2011 [2]). The Government's plan is to conduct a significant reduction in the number of Welsh HEIs, through mergers and alliances in a short period of time (before 2013). The ambition is to reform the HE system in Wales and to create a better HE system to meet and satisfy the demand of HE in Wales (HEFCW, 2011 [2]). Higher Education Wales (HEW), which represents HEIs in Wales confirmed that the leaders (Vice Chancellors and Directors) of all the Welsh HEIs recognise the need for fewer, stronger and more successful Welsh universities and are committed to reconfiguration for the benefit of the Welsh HE sector as a whole (HEW, 2011).

The mergers will bring a range of challenges and sometimes the participating universities may have to face difficulties and even conflicts. The consequences of these organisational changes have already influenced the way some of the HEIs in Wales operate and will impact dramatically over a longer term as further mergers

proceed. The benefits have been predicted by the Government and some independent bodies. However the impacts to the HEIs, from the staff (including lecturers) and students' perspectives have not yet been properly studied.

This research, by looking at the development and importance of co-opetition in Welsh HEIs, following an in-depth case study of Swansea Metropolitan University (SMU), will examine the formats and efficiency of co-opetition adopted by the institution(s). The significance and the implication of developing such a strategy locally, nationally and internationally will also be evaluated in the content of the sustainability for HE in Wales.

Through primary data collection and analysis of this research, the author is also intending to challenge some of the Welsh Government's plans, regarding the reduction in the number of HEIs in Wales. This is in contrast with the current English educational authorities' proposal, to increase universities numbers in England, by granting University Status for small sized HE colleges and polytechnic (BBC News, 2011 [3]).

The English government's intention is to encourage more new providers into HE to increase the fairness of competition and to provide students more choices. Although it also seems likely that part of the UK Government's rationale for these changes is simply to reduce cost of supporting students into HE by creating a larger proportion of lower cost courses across HE provision in England (BBC News, 2011 [3]). The author is intending to apply corporate strategy theories to analyse the possibilities for the future of Welsh HEIs, as well as, their implications and influences.

1.3 Aim and objectives

The aim of this MBA research is to conduct a critical co-opetitive assessment for the corporate strategy of HEIs in Wales, with an in-depth evaluation of the relevance to SMU, in the context of its current institutional changing environment (caused by the merger).

This aim will be achieved through a number of objectives, which include the following:

1. To conduct a critical review of the relevant literature for corporate strategies, particularly focusing on co-opetition theories (competition and collaboration) and its applications;
2. To evaluate the development and utilisation of co-opetition between Welsh HEIs, and the similarities and differences between co-opetition and merger & acquisition, with respect to the Welsh HE sector;
3. To analyse the status quo, in terms of strategic development, of SMU;
4. To conduct an in-depth co-opetitive assessment for SMU, to analyse the influences and implications from its current merger strategy;
5. To provide recommendations for future strategic development for SMU, other Welsh HEIs and the Welsh Government

1.4 Potential contribution

With respect to potential contributions, this research project would:

- 1) Provide insights and knowledge into the development of co-opetition strategies in Welsh HEIs, by specifically studying the case of Swansea Metropolitan University;
- 2) Evaluate and discuss the importance and issues associated with such strategy within the Welsh HEIs; and
- 3) Provide recommendations, which potentially would help Welsh HEIs to further develop their co-opetition strategies, hence help them to sustain their future.

Additionally, this research would also draw attention to the University on the growing importance of national and international co-opetition in the HE sector. It would also create a platform for further study and research on this topic (co-opetition in HE).

1.5 Structure of study

This dissertation is comprised of five Chapters as recommended by the University MBA Dissertation Handbook. Chapter 1 provides a brief introduction to the chosen area of study as well as the research rationale and aim and objectives of this work. Chapter 2 then studies the relevant theories/concepts and previous research work to contribute the theme and foundation of this research.

After that, Chapter 3 analyses and compares the advantages and disadvantages of different Research Methodologies available for conducting this work. It also critically

analyses the limitations and difficulties of such methods. Chapter 4 evaluates and analyses the data collected in accordance with the theoretical and practical “theme” identified in the Literature Review. Furthermore, it gives a detailed discussion of the obtained results linked to the research aim and objectives.

Chapter 5 draws the conclusion from the research investigation and reviews the level of achievements by comparing with the initial objectives and theories. It also provides a list of recommendations for the university, the government and future research. A detailed bibliography and appendices associated to this research are attached at the end of this dissertation.

2. LITERATURE REVIEW

2.1 Corporate strategy: Co-opetition

2.1.1 Theoretical concept and origin

According to Turocy and Stengel (2002), co-opetition is one of the theoretical deviations from the game theory, which describes conflict and cooperation between different players of a market. Co-opetition can be applied when the activities of several individual participating bodies are interdependent. Generally speaking, co-opetition occurs when a business operates based on a combination of competition and cooperation with its competitors. It also describes cooperative competition between different players in the same field (market). This interaction is well researched and illuminated by collusive oligopoly theory. This theory is based on some agreements between two or more parties, which allow them to work together to limit open competition with others and bring competitive advantages (Zineldin, 2004).

Brandenburger and Nalebuff (1996) state co-opetition is defined as an innovative and revolutionary approach of business strategies. It occurs practically when individual and independent businesses work together for parts of their business where they believe they can gain extra competitive advantage in the mean time share some common costs. In contrast with the conventional business philosophy, where the “winner” takes the entire marketing share and leave the “loser” empty handed, co-opetition claims a win-win growth opportunity for the players involved. As a result, co-opetition is also often referred to as a “plus-sum” game strategy, since the

commercial advantages contributed from all the players bring extra assets into the game (Dagnino and Rocco, 2009).

Researchers (Bengtsson & Kock, 2003 and Zineldin, 2004) claim that for the modern businesses to survive in this fast changing and challenging environment, collaboration along with competition would help the business grow and sustain. It is argued that co-opetition partnerships enable involving parties to respond more quickly and more effectively, by sharing resources, experiences and expertises, to the threats and opportunities emerged in the current business world.

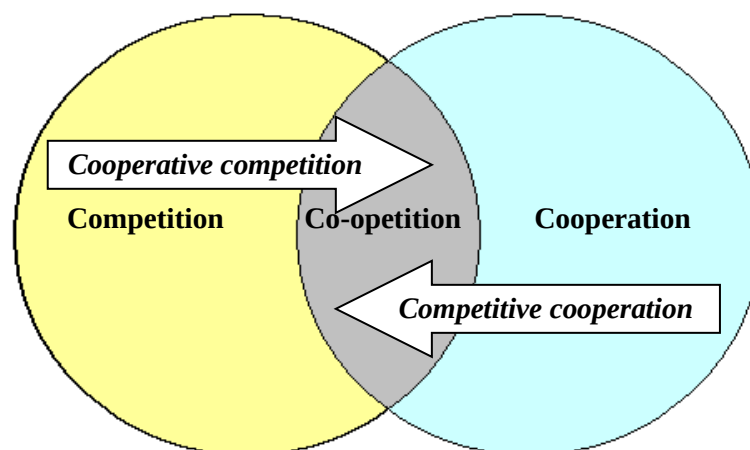


Figure 2.1 – Co-opetition Venn Diagram, illustrating the origins of the concept (Author's application of Brandenburger and Nalebuff (1996) Co-opetition theory)

Figure 2.1 is drawn by this author, by applying Brandenburger and Nalebuff (1996) co-opetition theory. As can be seen from this figure, the co-opetition concept can be explained as cooperative competition and/or competitive cooperation between two or more different organisations. Two organisations remain independent through this relationship, but are interactive with each other.

2.1.2 Porter's Five Forces model (the competition business theory)

Although cooperation has become more and more common between businesses in modern days (Zineldin, 2004), some conventional strategy of business still often consider business as entire competition, where businesses should be encouraged to wage wars to against each other, in order to survive in the market (Dagnino and Rocco, 2009).

This entire competition approach of business is as a result of the “win or loss” game theory, which assumes there would be no wins of the game unless gaining it from the losses from the others (Aghion and Griffith, 2008). Some academics and economists (Porter, 1985 & 2008 and Furrer, 2010) argue that competitive rivalry should be at the core of the success or failure of any commercial organisations. Accordingly, the organisational business plan, strategy and their appropriateness should also be determined by its competitiveness within the market.

Figure 2.2 exhibits Porter's Five Forces model developed in the 1980s, which explains these competition factors (forces), including the competitive rivalry, powers from the entrants and suppliers, as well as the threats from substitutes and buyers, which affect businesses (Porter, 1985). According to Porter (2008) and Cadle et al (2010), the Five Forces Model is most suitable for making a qualitative evaluation of the current strategic position, in the micro environment where the business operates. It would provide managers and decision makers with a checklist or starting point, at which the future corporate strategies or plans might be based. Thereafter it accelerates the business to plan for and respond to competitive behaviour.

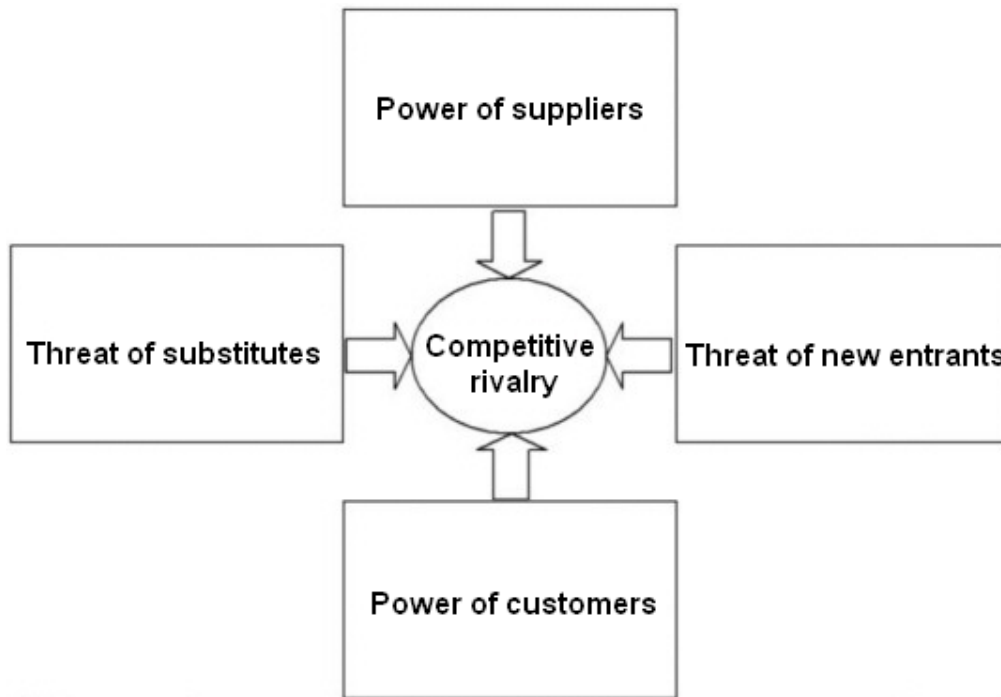


Figure 2.2 – Porter's Five Forces model (Porter, 2008)

2.1.3 The Value Net model (Co-opetition)

Porter's model has been challenged by a number of other researchers. According to Dagnino and Rocco (2009), the Five Forces model would work well in a perfect competition environment and in a free market. On the other hand, in many other circumstances, for instance, monopoly or oligopoly markets, this model would be inadequate or less efficient, because the competition in such environments is mainly dominated by a few players. Furthermore, at a macro marketing level, customers, competitors, substitutes and any potential new entrants can also become related and interacted to each other. However, Porter's model has excluded such "interference" relationship in between each force, which can cause some direct and indirect effect to the business, hence its effectiveness in evaluating the market situations is limited (Padula and Dagnino, 2007).

An important extension to Porter's Five Force Model, which acknowledges the interactive relationships in between different forces (players), as well as, addresses the importance of cooperation, was introduced by Brandenburger and Nalebuff through its co-opetition theory in the mid 1990s (Brandenburger and Nalebuff, 1996). The fundamental of this "new" co-opetition approach of business is built up by an interactive structure between each player, which is referred to as the Value Net diagram (see Figure 2.3).

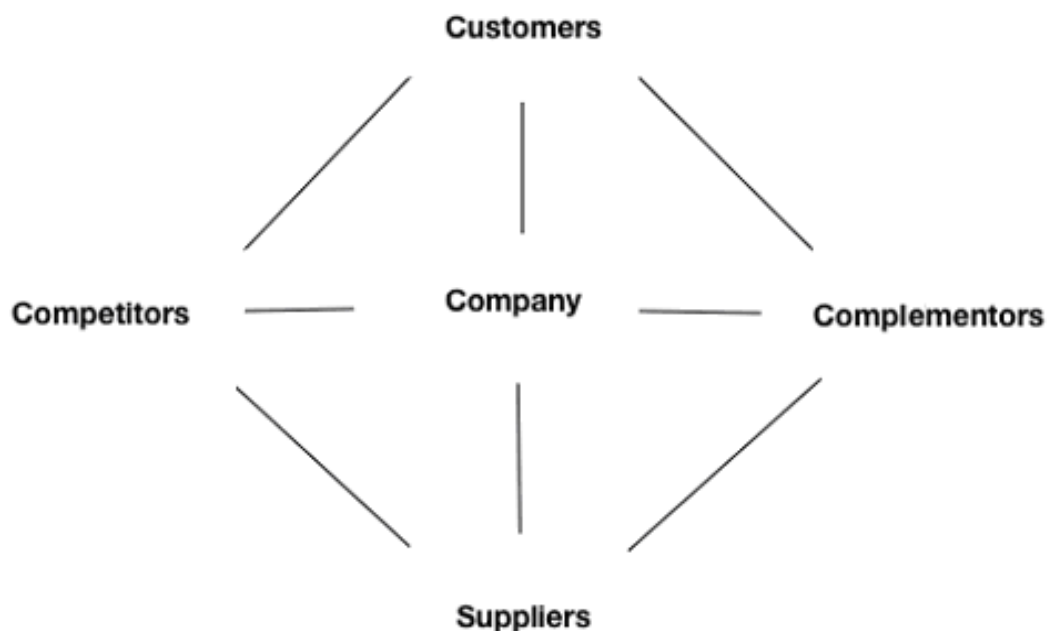


Figure 2.3 – The Value Net diagram (Brandenburger and Nalebuff, 1996)

In contrast with Porter's model, Brandenburger and Nalebuff (1996) recognise there are four main external groups, including customers, suppliers, competitors and complementors, which influence and are influenced by a specific company. These four groups can also be interactive with each other. Brandenburger and Nalebuff (1996) also suggest that the desirable and fundamental aspects of an enterprise should be composed by both cooperation and competition. This Value Net model looks at all

players “coherently” working and competing together to add and exchange values to the overall business environment.

In addition, another significant aspect of the Value Net model is that it believes some players of the game can occupy more than one role at the same time (Dixit and Nalebuff, 2010). For instance, as a high street book retailer, the Internet booksellers can be treated as the “competitor”, as it shares the same market with similar customers. However, it could also be seen as the “complementor”, if that high street retailer also utilises this online technique as an additional sale channel.

After classifying the players of the game, under the Value Net model, the next step is then to identify all the components or elements of the game, which, according to Brandenburger and Nalebuff (1996), these elements / components can be broken down as players, added values, rules, tactics, and scope (PARTS), as a means of viewing marketing strategies and their efficiency. They have further explained and defined the PARTS structure into the following details:

- The customers, suppliers, competitors and complementors, as the ***Players***;
- The value from the players, as the ***Added Value***;
- The ***Rules*** as in which the game is played between each play;
- Game is played with and driven by ***Tactics***;
- And there is necessary for setting a specific ***Scope*** for each game.

2.1.4 The advantages and disadvantages of Co-opetition

It is argued by different researchers and strategists (Nalebuff, B. J & Brandenburger, 2002; Bengtsson & Kock, 2003 and Furrer, 2010) that co-opetition could become a double-edged sword if it is not being used carefully at any organisation. It could bring organisations with a bigger market share or even wilder market. On the other hand, it could also create stronger competitors as a result of gaining expertise or customers from other involved partners.

Bengtsson and Kock (2003) state that advantages associated with co-opetition are mainly the great convergence concerning shared risk, cost reduction and obtaining synergy. However, Franco (2006) also that cooperation can face obstacles related to the need for constant coordination between companies, the possibility of some skills and specific resources being acquired by other companies involved in the agreement, the possible risk of conflict created by different cultures between the parts and the relative loss of autonomy.

Table 2.1 lists some key advantages and disadvantages of co-opetition. These disadvantages, especially the legal consequences, caused by the disputes between different partners, have often caused failure in such relationships. Decision makers of the individual organisations are therefore advised to think thoroughly with its stakeholders before entering this kind of agreement / partnership (Yami et al, 2010).

Table 2.1 – Key advantages and disadvantages of co-opetition (Author’s application from Nalebuff & Brandenburger, 2002; Bengtsson & Kock, 2003 and Furrer, 2010)

Co-opetition	
Key advantages	Key disadvantages
➤ Providing a new model to set strategies that incorporate both competitive and cooperative tactics ➤ Access to greater resources, opportunities, expertises, marketing places and sale channels etc ➤ Increased level of creativity and innovation ➤ More financial support for investigating new products/services ➤ Lower risks for investors and potential increase share prices	➤ Strengthening competitors at your expenses ➤ Potential legal disputes if agreement/partnership breaks ➤ Monopolising the market by joint efforts from involving parties ➤ Potential unfairness of competition to other players and customers ➤ Potential loss of intellectual properties and other resources ➤ Potential job loss due to work sharing

2.2 Applications and some common forms of Co-opetition

To successfully form a co-opetition relationship, a common agreement is to be built, in between participating parties, to allow them to compete as well as cooperate with each other in a fair manner. Different parties should also work together to pursue a set of agreed upon goals or to meet a critical business need while remaining independent (Dixit and Nalebuff, 2010).

In such relationship, partners are agreed to share certain amount of their individual resources, and are also allowed to utilise resources from the other parties, for instance,

production activities, distribution channels, project investments, assets, equipments, as well as, knowledge, expertise, and intellectual properties etc (Dixit and Nalebuff, 2010). It generates a bigger player, as a co-opetition group, by uniting several separate organisations, which brings wider influence into the market at the industry level. A win-win growth opportunity could hence be achieved by this kind of partnerships, with the intention not to squeeze the others but to grow as a whole (Furrer, 2010 and Padula & Dagnino, 2007).

Generally speaking, there have been various forms and methods of co-opetition being developed and utilised in businesses nowadays. However, there is no definite description or rule for the applications of co-opetition; yet different authors and researchers have concluded different scenarios for the appropriateness of co-opetition in real business cases (Dixit and Nalebuff, 2010 and Furrer, 2010). It is therefore very difficult to draw a list of common forms of co-opetition.

Nevertheless, through some intensive researches, literature readings and discussions and debates with the research supervisor, this author has managed to complete a comprehensive analysis (see Table 2.2) that provides definitions and descriptions, with real business examples, for some of the most common forms / models of co-opetition developed by different analysts. In a later chapter (Chapter 2.4), information and definition from this analysis (i.e. Table 2.2) will be used as a guidance to evaluate the development and utilisation of co-opetition for Welsh HE sector.

Table 2.2 – A comprehensive analysis of common forms of co-opetition with real business examples
(Analysis conducted by this author through intensive researches and thorough discussions and debates with his research supervisor)

Forms of Co-opetition	Definition / Description / Key words	Literatures / References	Real Successful Business Examples
<i>Strategic alliance / Consortium</i>	➤ One of the most common forms of co-opetition ➤ A formation of partnerships between competitors in the same marketing field ➤ Common agreement being drawn to ensure a fair relation being established ➤ Normally set up by competitors with similar market share, business capacity and turnover etc ➤ Lower risk of disputes, as partners are similar or “equal” to each other ➤ Growth achieved by the widened range of services and products which can be offered to existing and potential customers ➤ Increased competitiveness and market share comparing with any other competitors in the market	Rodrigues et al (2008), Franco (2006) and Sanchez (2005)	STAR ALLIANCE  THE WAY THE EARTH CONNECTS ➤ World's first and largest airline alliance, founded and owned by a number of the world's leading airlines ➤ > 30 airline members, operating in 1,290 airports and 189 countries, annual passenger number of 607.5 million (holding the largest market share than any other airline groups) ➤ Shared flights routes, aircrafts and staff, hence lowered the operational costs. Beneficial to all members ➤ Offering customers far more and better choices than any other single airline (Star Alliance, 2012)

Franchising	➤ Granting the right to use an established brand and everything associated with it ➤ The franchisee sells the franchisor's product or services, trades under the franchisor's trade mark or trade name, and benefits from the franchisor's help and support ➤ In return, the franchisee usually pays an initial fee to the franchisor and then a percentage of the sales revenue	Franco (2006), Gopalakrishnan (2007) and Sherman (1999)	 i'm lovin' it McDonald's ➤ 37,300 partner restaurants, owned by franchisers, across the globe, with the net profits of \$1.23bn, in 2010 ➤ Individual restaurants in the same region compete with each other, but also work together under the control and supervision by the franchisor (McDonald's, 2012)
Licensing	➤ Authorising the production and/or commercialisation of services or products to third parties, in exchange for financial remuneration ➤ In general terms, businesses have a licence giving them the right to make and sell the licensor's products or services ➤ Normally, there is no extra restriction on how the licensed partners run their businesses, which offers great flexibility	Rodrigues et al (2008) and Doshi (2006)	 i Phone and mobile phone retailers ➤ Apple has contracts with over 10,000 mobile phone retailers and mobile network providers, for selling its i Phone ➤ Retailer shops hold a Apple sales licence, offering Apple products to their customers ➤ Apple and its retailers are competitors. The "licensing" strategy allows them to work together for mutual benefits (Apple, 2012)

Outsourcing	➤ Ordering certain parts of some services or products from specialised third parties, and providing them to your customers together with your services or products, as a package ➤ Win-win situation for both parties. Wider sales and marketing channels can be built up ➤ Increase in customers	Franco (2006) and Sherman (2011)	 ➤ Tesco Home Insurance is provided by its contractors, who hold insurance licences. Tesco sells its Home Insurance through its marketing and sale channels ➤ Insurance claims are handled by Tesco, but repairs and check works are conducted by its contractors (who have the specialised skills and services) ➤ Widening the market place for both Tesco and its contractors (Tesco Bank, 2012)
Joint Venture	➤ Creation of a independent entity or trading body by joint investment by two or more parties ➤ Shared profits, but also risks. It is normally based on some legal agreements with details of profits sharing and responsibilities for each party ➤ It often involves complex legislations and governing laws	Sherman (2011) and Doshi (2006)	 ➤ Joint venture for developing new routes, optimising departure schedules ➤ Joint marketing promotion, i.e. coordinated frequent flyer programs to reward customer loyalty ➤ Align all their flights together to avoid “conflicts” and competition (The Guardian, 2011)

Co-branding	➤ Normally associated with two well-known brands, in developing new products and/or services ➤ Shared technology, acquisition of capital, and access to new channels and networks etc ➤ Marketing penetration strategy to increase its market share	Doshi (2006), Gopalakrishnan (2007) and Sherman (2011)	  VERSACE H&M ➤ Luxury designer cloth retailer, Versace, offers co-branded products with H&M ➤ Targeted completely different but new consumer groups ➤ H&M targets a much wilder markets and has a strong consumer focus ➤ Co-branded products offer customers the taste of both luxury and high quality ➤ Significant increase in the variety of customer groups (H&M, 2012)
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2.3 Evaluation of the utilisation of Co-opetition in Welsh HE sector

After identifying the forms and models of co-opetition (see Table 2.2), this Chapter applies these findings and theories into Welsh HEIs cases, and also evaluates such applications and implications to the Welsh HE sector in general.

2.3.1 Strategic alliances between Welsh HEIs

As mentioned earlier in Chapter 1.1.4, the universities in Wales, which have similar backgrounds and capacities, have divided themselves into two separate collaborative groups, named the University of Wales (UoW) Alliance and the Saint David's Group. Figure 2.4 shows the member institutions of these two groups with their enrolment figures respectively. This type of partnership, formed by individual members, is referred to as the strategic alliance (one of the most common forms of co-opetition).

The University of Wales alliance



Total student enrolments in 2010: 39,142
30% of total student enrolment in Wales
10% of university research activities in Wales

The Saint David's Group



Total student enrolments in 2010: 91,807
70% of total student enrolment in Wales
95% of university research activities in Wales

Figure 2.4 – Two nationwide strategic alliance groups representing Welsh HEIs

Both the UoW Alliance and the St David's Group operate and perform in line with the philosophy of co-opetition. Under this strategy, member universities compete but also cooperate with each other at the same time (Nalebuff and Brandenburger, 1996). Both groups have their significance and have contributed to the development of Welsh HE in the modern days, although in many cases they have completely different interests and objectives, by representing different styled institutions (UoW, 2011 and BBC, 2011 [4]).

(a) *The University of Wales Alliance*

The UoW Alliance once represented most of the HEIs in Wales and the UoW itself was the second largest university in the UK, with more than 100,000 students enrolled on its accredited courses in the UK and overseas (The Independent, 2009). The only HIE in Wales that was not under the UoW umbrella was the University of Glamorgan (UoG), although previously UoG had expressed strongly its willingness to join the UoW (BBC New, 2011 [3]).

According to University of Wales (2011), these member institutions have had a long history of collaboratively working together, in delivering common objectives, in fields such as improving teaching standards, marketing promotion, staff training, student and alumni services, university regulation and legislation work. Some remarkable contributions to the Welsh HE, such as Welsh medium literature archives and the establishment of the academic Welsh language unit etc, were made as a direct result of collaboration and resources sharing between all the former and current UoW members (University of Wales, 2011).

(b) *The St David's Group*

The St David's Group was formed on the St David's Day of 2009, with the five most traditional Welsh universities (Aberystwyth, Bangor, Cardiff, Glamorgan and Swansea universities) pledging to work together in an attempt to help drive the Welsh economy out of the recession. Between them, the five universities claim they account for about 70% of students in HE in Wales, more than 95% of the nation's research activity, with more than 50,000 undergraduates, and 13,000 postgraduate research posts (Aberystwyth University, 2010). These five universities have been working jointly in a number of key areas, such as sustainable development, primary healthcare services and social recovery policies, as well as, in strengthening research and innovation projects (BBC Wales, 2010).

Furthermore, the relationship between the UoW Alliance and the St David's Group can also be classified as co-opetition. To some extent, these two groups are competing with each other, especially in the areas of student recruitments and research activities. However, they are also working together, under the frame of the Welsh HE in general.

2.3.2 Franchising partnerships with Further Education colleges

It is evident that many Welsh HEIs are working closely with the majority of Further Education (FE) colleges across Wales, offering franchised HE programmes from their institutions to FE students in achieving university degrees (University of Glamorgan, 2012; UWIC, 2012 and Gower College Swansea, 2012).

This kind of franchised HE courses offered at FE colleges is designed at the same standard as the ones in the HEIs. In many cases, these courses are delivered by the

same staff from the franchisor HEIs or by following strictly the instructions set by the franchisors, to ensure the same quality and contents. HEIs in Wales have chosen this strategy to further increase their enrolments, but also to deliver HE in wider communities across Wales, particularly in rural areas, where students may find it difficult to travel long distances to universities, but have easy access to these FE colleges (University of Glamorgan, 2012).

For instance, University of Glamorgan is in franchising partnerships with over 15 colleges across all different parts of Wales, including Coleg Sir Gâr, Neath Port Talbot College and Pembrokeshire College etc (University of Glamorgan, 2012). UWIC has also established the “FE2HE” (FE to HE) franchising relations with Barry College, Bridgend College, Coleg Glan Hafren and Ystrad Mynach College and St David's College (HEFCW, 2012 [1]).

This strategy has also been welcomed and encouraged by the HEFCW and the Welsh Government, with the following main benefits (HEFCW, 2012 [1]):

- FE colleges provide local access to HE courses through their greater numbers and wide spread across the country
- Courses offered at FE colleges are more cost effective and time flexible and are fitted into their surrounding communities
- Increased opportunities for progression between FE and HE and increased number of people enrolling at HE courses
- FE colleges often attract people who otherwise would not contemplate HE

2.3.3 Licensing to private schools and colleges

Similar to the franchising, the licensing co-opetition strategy also provides a model between competitors for them to work together and create mutual benefits. It is also common in HE sector (Rodrigues et al, 2008).

This study has found successful examples of two Welsh HEIs, including Cardiff Metropolitan University (formerly UWIC) and Swansea University. These two HEIs have utilised this strategy, by giving licenses to their associated but private school and college, for delivering their HE courses or HE preparation courses on their behalves. Students who have completed and passed these courses would either be offered the opportunity for further progression of their studies at the partnered institution, or would be awarded degree qualifications from the institution directly (LSC, 2012 and ICWS, 2012).

The following subsections provide a brief overview of these two HEIs and their associated school and college:

(a) International College Wales Swansea (ICWS) and Swansea University (SU)

As can be seen from Figure 2.5 (ICWS's logo), ICWS is “an affiliate college of Swansea University”, which offers English language courses, undergraduate and postgraduate pathways (degree preparation courses) for Swansea University. These courses are particularly for international students, designed by Swansea University. ICWS also offers potential students a much more flexible entry dates (i.e. 3 intakes throughout the year) that Swansea University could not offer (ICWS, 2012).



Figure 2.5 – ICWS: An Affiliate College of Swansea University (ICWS, 2012)

Fundamentally, ICWS and SU are two separate organisations and are independent to each other. ICWS belongs to a commercial corporate group (limited company), named the Navitas, which operates globally in partnerships with different countries' universities and HEIs, offering students English and HE preparation courses and specialising international student recruitment (Navitas, 2012).

Under certain agreement, both organisations (ICWS and SU) widely share their skills, expertises, resources and assets, in many areas to enhance their market profiles internationally, and also increase their competitiveness and financial incomes through student recruitment (Swansea University, 2012 and ICWS, 2012).

(b) London School of Commerce (LSC) and Cardiff Metropolitan University

London School of Commerce (LSC) offers a wide range courses directly to their students under the licensing and guidance from its licensor, Cardiff Metropolitan University (formerly UWIC). These courses include foundation, undergraduate, postgraduate and research courses. Different from ICWS, after successfully completing these courses at LSC, students will have their degrees awarded by CMU (LSC, 2012).



London School of Commerce
Chaucer House , White Hart Yard
London – SE1 1NX, U.K.
Tel : 020 7357 0077
Fax : 020 7403 1163
Email : admissions@lsclondon.co.uk
Website : www.lsclondon.co.uk

An Associate College of
UWIC
University of Wales Institute, Cardiff
PO Box 377 Western Avenue, Cardiff CF5 2SG, U.K.
Tel: 029 20416 296 Fax: 029 20416 918

TRANSCRIPT

Issued: 18 March 2010

Student Name: ~~Ching-Fai Yang~~
Student ID: ~~022316311600~~
Programme: International Foundation Programme
Leading to Diploma in Business and Management
Programme Commenced: June 2009
Programme Completed: February 2010

Figure 2.6 – A sample copy of a student transcript issued by LSC

As it states on the LSC student transcript (see Figure 2.6), LSC is an associate college of UWIC (now CMU), with the authority (licence) from CMU to recruit students and deliver their courses (LSC, 2012). According to CMU (2012), at the academic year of 2009/10, over 1,400 students from 130 countries have been registered on CMU's programmes at LSC's London campuses. The partnership with LSC has also helped raise CMU's profile internationally. LSC's students can move between its London campus, and their colleges and centres in Bengal and Malaysia and CMU in Cardiff. CMU also benefits from LSC's experienced marketing and recruitment processes and a model to offer high quality but cost effective studies.

It is worth mentioning that the previously mentioned franchised FE colleges of the Welsh HEIs are publicly funded. Their operations and performances are the responsibility of the Funding Council and relevant Government Education Authorities. Therefore, the quality assurance and public trust towards these FE colleges are secured (HEFCW, 2011 [2]). On the other hand, these licensed private school and college of the partnered Welsh HEIs do not seem to have direct links with Educational

Authorities or the QAA (ICWS, 2012 and LSE, 2012). This partnership has put more pressure, higher costs and potentially more risks on the involved HEIs, as these HEIs have to ensure the quality and performances within franchised colleges are kept at good standards.

2.3.4 Joint venture and some other co-opetition activities

(a) *GO Wales network (Career Services for HE students in Wales)*

The GO Wales programme is a career-based initiative funded by the HEFCW and delivered in partnership with Careers Services in HEIs in Wales. The Careers Service at SMU has set up the “GO Wales”, to communicate and work with GO Wales, other HEIs and businesses in Wales, to provide students and graduates services and advice to make the best start to their career in Wales (GO Wales 2010).

As members of this network, co-opetition activities from these participating Welsh HEIs have included participating jointly in GO Wales recruitment fairs, staff training schemes, information and skills sharing, student skills improvement workshops, industry site visits. It also provides students latest job vacancies information, work experience taster courses, placements and a Graduate Academy associate network (GO Wales, 2010).

(b) *The South West Wales Higher Education Partnership (SWWHEP)*

According to SWWHEP (2010), organised by the Dragon Innovation Partnership and funded by Welsh Government and HEFCW, the SWWHEP (South West Wales Higher Education Partnership) project, involving Swansea University, SMU and UoW: Trinity St David in the South West Wales region, was launched in 2009.

15 massive cooperation projects, including alumni & international, careers service, E-learning, library and student services etc., with various schemes and development packages, are currently being conducted or going to be conducted by these institutions. The aims for this innovative partnership are to integrate and improve a range of services to students, staff and public, e.g. to enhance performance, efficiency and competitiveness and improve value-for-money in public services, for these three HEIs; hence to become the benchmark in the higher education sector in Wales and in the UK (SWWHEP 2010 & Welsh Audit Office 2009).

(c) *Joint venture in medical studies between Cardiff and Swansea Universities*

Cardiff University and Swansea University had previously cooperated in jointly developing and conducting medical courses and researches. Sharing practices of their experiences and excellences in medical teaching and doctor training have improved the standards in this field, and also brought significant contributions to the national NHS and their regional University Health Board services (HEFCW, 2012 [2]).

Prior to 2009, medical students at both Cardiff University and Swansea University were attending lectures and laboratories, using facilities and teaching resources at both institutions. This partnership had accelerated the development of expertises and better medicine skills for both parties, and their surrounding communities, and also had allowed Swansea University to establish its own School of Medicine and admit its own medicine degrees (University Health Board, 2012).

2.4 Links between Co-opetition and Merger and Acquisition (M&A)

2.4.1 The definition of M&A corporate strategy

Merger and acquisition (M&A) is also a widely utilised corporate strategy, where two or more organisations with similar backgrounds join together to become one larger entity. This strategy is commonly used when organisations seek rapid growth in its sector or location of origin, or a new field or new location, without creating a subsidiary, other child entity or using a joint venture (McDonald et al, 2005). The fundamental difference between merger and acquisition is that a merger is involved with a combination of two or more companies to create a new one, whereas an acquisition is the purchase of one company by another and there would be no new company being formed through acquisition (Gaughan, 2010). Some of the main advantages and disadvantages of M&A are briefly explained below.

(a) Advantages

According to Donald (2008), the dominant reason to promote M&A activities between organisations is the potential opportunity of improved financial performance and a larger economic scale. More specifically, Albizzatti and Sias (2004), Donald (2008) and McDonald et al (2005) argue that M&A could normally:

- Significantly reduce the fixed cost and operational cost, as the combined company can remove any duplicated departments, operations and services;
- Become more efficient by taking the best practices from the involving companies;
- Increase the revenue and market share, as a result the new firm becomes more powerful and influential, hence to get better or cheaper deals from its suppliers;

- Enhance services with a stronger branding. This can potentially attract customers from other competitors;
- Improve the competitiveness and bring more investment opportunities;
- Bring a wider geographical diversification and opportunity for vertical integration development for the new organisation;
- Create greater financial stability and security, especially in the financial downturn;

(b) Disadvantages

According to Chanmugan et al (2005), Gadiesh et al (2008) and Donald (2008), the major disadvantages of M&A can be summarised as:

- High risks of redundancies and job cuts;
- Legal expenses and takeover cost;
- Potential devaluation of equity;
- Time consuming and huge cost involved with the M&A processes;
- Suppression of competing businesses;
- Potential monopoly, price fixing and unfair competition;
- Drawbacks from the existing consumers and shareholders, caused by fears of the uncertainty of its future;
- Differences in culture, working style and other HR related issues causing resistance between workforces and managements;
- Differences and disagreement in management would lead inefficiency, power fighting and potential conflicts in the new formed organisation;
- Changes to organisation's shape, function and production;

2.4.2 Similarities and differences between Co-opetition and M&A

As explained earlier, co-opetition and M&A are similar corporate strategies, mainly used to achieve business growth and improve efficiency, but there are also considerable differences between them. Table 2.3 provides a comparison of the main similarities and differences.

Table 2.3 – Main similarities and differences between Co-opetition and M&A
(Author's application of theories from Nalebuff & Brandenburger, 2002; Chanmugan et al, 2005 and Donald, 2008)

Co-opetition versus M&A	
Similarities	Differences
➤ Both are well used growth corporate strategies	➤ Much more flexible formats of co-opetition than M&A
➤ Potential increase in market share, efficiency and productivity	➤ M&A is to form one entity by merging two or more companies
➤ Must have mutual objectives and be beneficial to all participants	➤ Co-opetition is to form one partner group, with independent but interactive companies
➤ Must have similarities in business type, operations and services	➤ Lengthy process for M&A, as it involves complex legal regulations
➤ Both built up by trust and have to be led by senior management level	➤ Significantly quicker to form co-opetition relations
➤ Formed through sharing practices and utilisation of joint skills	➤ Flexibility and possibility for co-opetited partners to withdraw
➤ Similar advantages and disadvantages (see Chapter 2.2.4 and Chapter 2.5.1)	➤ Very difficult or sometimes impossible for the merged companies to break up

Co-opetition could also avoid restrictive practice and monopoly regulation that operate in some industries (Chanmugan et al, 2005). Although this is not normally the case for HE, a merger between large universities would still create tension or pressure for other institutions or FE colleges in the same region, as a result of the increased power and influence from the merger (Rodrigues et al, 2008).

2.4.3 Rivalry, Co-opetition and Exclusive Collaboration (i.e. M&A)

Fundamentally, both M&A and Co-opetition are classified as the main forms of cooperation strategy, which emphasise potential growth and mutual gain through working together (Hellmers, 2009 and Sawler, 2005). On the other hand, the competition (rivalry) stimulates the business for the research and development of new and more effective operation / production process, management methods and skills and innovative products and services (Yami at al, 2010).

By combining Competition, Co-opetition and M&A theories together (Brandenburger & Nalebuff, 2002; Donald, 2008 and Bruner, 2009), this author has innovatively summarised a five-stage cooperative evolution process, which exhibits the development from Rivalry to Co-opetition and to the exclusive Collaboration (e.g. M&A), between businesses. This process diagram is shown in Figure 2.7 below.

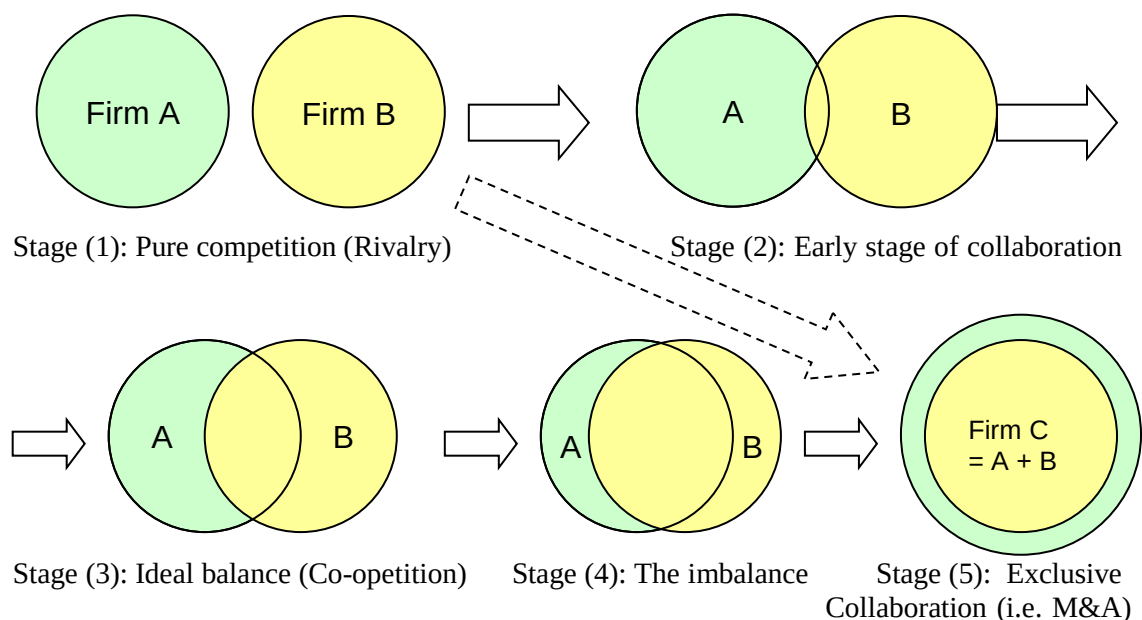


Figure 2.7* – The five-stage evolution process from Rivalry to Co-opetition and to exclusive Collaboration (e.g. M&A)

*This Figure had created by the author by combining Competition, Co-opetition and M&A theories together (Ref: Brandenburger & Nalebuff, 2002; Donald, 2008 and Bruner, 2009).

As can be seen from Figure 2.7, the initial relationship (at Stage 1), between most businesses in the same field, would be competitors / rivalries (Bruner, 2009). By the means of working together, organisations start combining and sharing a small part of their resources and expertise to develop mutual benefits and growth. According to Donald (2008), this develops a new relationship, known as collaboration (instead of the pure rivalry), between them (Stage 2). After a period of development of this relationship, especially when an appropriate degree of trust has been established, the parties involved may further strengthen this relationship, by agreeing and putting more areas of collaborations together, although they still remain independent. At this stage (Stage 3), what in this context might be regarded as an ideal balance is achieved, as organisations become interdependent, but also stay competitive with the other party (Brandenburger and Nalebuff, 2002).

At Stage 4, as more and more integration takes place between different parties, an imbalance between competition and collaboration would occur (Gaughan, 2010), which would lead one or both organisations become too reliable to the other and generate the risk of losing their respective independence. Particularly if these integrations are driven by the senior managers or under some special deals, a merger or acquisition may then happen (McDonald et al, 2005), where two organisations join together to become one entity (Stage 5). It is worth noting that Stage 5 would also be achieved directly from Stage 1, without the transferring stages (e.g. from Stage 2 to Stage 4).

Taking the above mentioned Competition and Cooperation theories into account, this author argues that the M&A is an extreme format of co-opetition, in which two or

more involving organisations, whose relationship was formerly typified by rivalry, integrate together, by exclusive collaboration but without the appearance of competition element.

2.4.4 High failure rate of M&A and its causes

Despite the potential organisational improvements and commercial benefits that M&As could bring to the newly formed firm, the final outcomes and results from many M&A cases have often been disappointing (Straub, 2007). A number of empirical studies, led by business schools around the world, have shown that there are high failure rates of M&A deals in different businesses, covering both the public sector and private sector (Chanmugan et al, 2005 and Stefanowski, 2007).

Statistically, according to Donald (2008), 50% of all commercial M&As damaged the core value of the original organisations and the values of its shareholders. About 75% M&A deals came under expectations after the actual implementation and integration process, comparing with the initial plan at the time the M&A was announced. Moreover, only 7.6% of M&As between large companies resulted in significant sales increase and profits growth.

Straub (2007) and Siegenthaler (2010) claim that various reasons can cause such failures. These reasons commonly include weak leadership, poor preparation work, lack of plans for the change, lack of communication, courage and involvement etc. Some other researchers (Bruner, 2009 and Gaughan, 2010) also suggest, the differences in company's strategy, structure, system, style, staff, skill and shared

values (from McKinsey's 7S Forces), can also become the major stumbling blocks for the integration process.

Generally speaking, any M&A has to be led by the senior management from participating parties. A proper plan should be set prior to the start of any M&A processes. Preparation work is critical, and equally the communications from the management to the rest of the stakeholders of the company, including the workforce, contractors, trade unions and core customers, are also vital. These are to ensure trust is built up internally inside the company, which can minimise the resistance from those affected throughout the M&A process (Albizzatti and Sias, 2004).

2.4.5 Criticism of M&A and the demand for an alternative (Co-opetition)

In most cases, M&A has been proved to be a lengthy and complex legal process, with many unforeseen and unpredictable risks, internal resistances, changes and circumstances, which could lead the whole process to become a failure (Albizzatti and Sias, 2004). It also requires a huge commitment from all involved parties, especially the financial and legal supports (Johnson and Scholes, 2008).

Furthermore, Gaughan (2010) states that even with significant preparation work and right procedure, there is still no guarantee for any M&A to be successful, due to its complex nature. Yet the failure of M&A transaction often lead to serious consequences to the company, which may include the dilution to the company's brands, destroying shareholder' value and devaluing the company's financial status (e.g. fall in stock prices).

According to Chanmugan et al (2005), M&A has also been widely criticised by many marketing analysts and Chief Executive Officers (CEOs) or Managing Directors from small-medium enterprises (SMEs). This is because after the merging or integrating process, the newly founded organisation becomes much bigger and stronger, in terms of size, operation, productivity, competitiveness and marketing shares. Hence it gains greater influence and impacts on its competitors, customers, as well as, the suppliers. To some extent, it can easily promote unfair competition activities, such as price fixing, or monopoly in the market. It is also claimed the marketing progression attitude from the majority of newly merged big organisations has become very aggressive and created threats to other players in the same field (Gaughan, 2010).

Alternatively, instead of the conventional strategy for stimulating business growth (e.g. M&A), researchers (Bengtsson & Kock, 2003 and Padula & Dagnino, 2007) have found out businesses are more willing to practise and contribute into a partnership, in which they can collaborate with other competitors, but can also retain a degree of independence. This innovative approach is referred to as co-opetition, first introduced by Brandenburger and Nalebuff in the mid 1990s (see Chapter 2.2.1).

Different from the M&A, this independence, offered by the co-opetition strategy, gives the organisation itself authority of deciding its own future and direction, without interference from the other involved parties. It is also essential for all levels of employees, including the shareholders, of an organisation, especially when it comes to the negotiation for business or collaboration deals with other players (Dagnino and Rocco, 2009). Co-opetition also minimises the internal resistance and provides a more flexible solution for business-to-business cooperation (Yami et al, 2010).

2.5 Brief review of recent merger cases involving Welsh HEIs

2.5.1 Completed / successful mergers

Table 2.4 – A review of recent completed mergers in Welsh HE industry (**the table was constructed by the author from sources quoted**)

Period	Involving institutions	Summary	Significance
December 2002 to December 2004	UoW, Cardiff UoW, College of Medicine	➤ A lengthy merger process started in 2002, following the recommendation from Welsh Assembly Government's review of higher education in Wales ➤ The merged institution separated from the collegiate UoW and officially became Cardiff University ➤ Total funding committed by the WAG for this merger was £15 million (Bull and Cooke, 2005)	➤ Has become Wales's largest and best university, with more than 5,000 staff, 22,000 students and an annual turnover of £300 million in 2004 ➤ High quality research, strengthened its funding opportunity and has since become one of the leading universities in research activities in the UK ➤ Nationally and internationally recognised as a successful strategic move (Cardiff University, 2011)
2004 to May 2006	University of Glamorgan (UoG) Merthyr Tydfil College	➤ First merger between a further education college and a HEI in Wales ➤ Welcomed by both the Government and the funding council	➤ First merger between a FE college and a HEI in Wales ➤ Allowing UoG to further expand and to open its campus in Cardiff in 2007

		➤ Financial support of £242,000 from the WAG (Davidson, 2007)	➤ Significant increase in HE learning provision in Merthyr Tydfil (BBC News, 2006)
2006 to July 2007	University of Glamorgan (UoG) Royal Welsh College of Music & Drama (RWCMD)	➤ RWCMD was restricted by limited capacity and financial ability ➤ RWCMD left the UoW and became part of the UoG Group, as a wholly owned subsidiary in 2007 ➤ Since 2007, RWCMD has been awarding degrees by UoG (RWCMD, 2011)	➤ Enhanced management and financial positions secured an investment of £22.5 million to RWCMD ➤ RWCMD benefited from huge investment, including from HEFCW, to build the iconic new building in Cardiff ➤ Increased teaching capacity and student services (HEFCW, 2011 [3])
2007 to July 2010	UoW, Lampeter Trinity University College (TUC), Carmarthen	➤ QAA report in 2007 suggested Lampeter had limited confidence ➤ HEFCW also reported Lampeter had serious financial difficulties ➤ Merger of the two oldest HEIs (but both very small sized) in Wales to save Lampeter ➤ New university UoW, Trinity Saint David funded through the merger, with a funding of £14.03 million injected by the WAG (Lipsett, 2009 and HEFCW, 2011 [3])	➤ Created a sustainable future for the HE provision in Southwest Wales ➤ Saved the shrugged institution (i.e. Lampeter) and avoided some potential job redundancies ➤ Increased course qualities and widened the FE and HE choices for students ➤ Enhanced research capabilities ➤ New investment opportunities (Lipsett, 2009)

2.5.2 Uncompleted / unsuccessful mergers

Table 2.5 – A review of recent uncompleted mergers in Welsh HE industry (**the table was constructed by the author from sources quoted**)

Period/Time	Involving institutions	Summary	Failure reasons
2001 to December 2003	UWIC UoW, Newport UoG	➤ The intension is to build distinctive and ambitious teaching-led provision and a brand new super university in Wales ➤ Merger talks began following the HEFCW's "post-92" HE review in South East Wales (Davidson, 2007)	➤ A mutual breakdown in trust and confidence between UWIC and UoG ➤ UWIC and UoG were unable to agree on deals or detailed plans with each other (Davidson, 2007)
December 2004 to July 2005	UWIC UoW, Newport	➤ UWIC launched its own merger talks with UoW, Newport, with a plan for the actual integration taking place in summer 2006 (Tysome, 2005)	➤ Government interference ➤ HEFCW refused to fund this merger unless UoG is also included in this deal (Tysome, 2005)
Janurany 2008 to July 2008	Swansea University (SU) Swansea Metropolitan University (SMU) UoW, Lampeter Trinity University College (TUC), Carmarthen	➤ SU's VC started a "attack" to SMU, claiming Swansea is too small for two universities ➤ It was suspected SU had followed the guildnace from WAG's merger plan, hence it proposed a merger talk and prepared a merger plan for all the four HEIs in Southwest Wales to form a super university in Southwest Wales (Sharkey, 2008)	➤ Rejected and criticised by SMU's VC ➤ Also rejected by VC from UoW, Lampeter ➤ Principal from TUC welcomed the ideas of partnership and collaboration, but did not support the merger plan (Sharkey, 2008)

December 2010 – January 2011	UoW SU	➤ Confidential merger talks between these two universities, but leaked to the media ➤ The idea proposed by SU was two universities to merge to form a new structured UoW. SU's VC hinted to abolish SU's Charter after the merger, but to carry on using UoW's Charter ➤ SU's VC also suggested he wants to become the VC of the new university, where the VC of UoW stands down to become the president (Evans, 2011 [2])	➤ Fundamentally, conflicts in universities' interests ➤ Lack of trusts and sound ground for progression ➤ Lack of funding support ➤ Proposals from two universities were from very different perspectives (Evans, 2011 [2])
2010 to July 2011	UWIC UoW, Trinity Saint David SMU	➤ Merge to form a new UoW ➤ Intensive talks and meetings held between these three institutions ➤ Promised funding support from the Funding Council (Western Mail, 2011)	➤ Geographically very difficult for these three universities to work together, also very different types of institutions ➤ Talks ended and dissatisfied with the outcomes (Western Mail, 2011)
July 2011 to present	UWIC UoW, Newport UoG	➤ Merger talks started again between these three universities after a 8-year postpone ➤ Government's plan to form a super metropolitan university in SE Wales ➤ Education Minister heavily criticised the state quo of these HEIs (BBC, 2011 [3])	➤ UWIC blamed UoG's attitude was too aggressive and claimed the merger is not in the best interests of its students and staff ➤ UWIC prepares legal action to against the Government's merger plan (BBC, 2011 [3])

2.5.3 Welsh Government's latest HE reconfiguration plan

Despite the numerous attempts over the last decade, mainly led by the Welsh Government and the HEFCW, for HEIs in Wales to merge, the outcome has been very disappointing and frustrating, and, the majority of these merger attempts had failed (as shown in Table 2.5 above).

Nonetheless, the Welsh Government still produced an urgent plan of reducing the numbers of Welsh universities by nearly 50% by the end of 2013 (see Chapter 2.1.3). A report commissioned in 2011 by the HEFCW (HEFCW, 2011 [2]), named “the future structure of universities in Wales”, obtained by this author, from the Welsh Government, shows that the latest Government's plan is to reconfigure and reshape the entire HE sector in Wales as a whole. This reconfiguration plan (detailed in Table 2.6) set out by the Government would affect all the universities in Wales.

Table 2.6 – A summary of Welsh Government's latest HE reconfiguration plan (HEFCW, 2011 [2])

Merger Plans		Collaboration Plans	
Involving HEIs	Target	Involving HEIs	Target
UoG UWIC UoW, Newport	Government stills wants them to merge to form a super metropolitan university in SE Wales	Aberystwyth Bangor	Both remain independent, but intensive collaboration with each other and a possible merger in the future
UoW, TSD SMU	To merge as already planned, also to deepen coordination with Swansea University	Cardiff Swansea	Both remain independent, but need to develop intensive collaborations
UoW	Unsustainable, with a potential merger with UoW, TSD and SMU	Glyndŵr	No merger planned, but needs to work with both Aberystwyth and Bangor universities

The main claimed benefits, particularly for the mergers in the HE sector, stated in the reports and proposals from the governing and funding bodies of Welsh HEIs, are listed below, yet none of these reports mentioned the disadvantages or shortfalls a merger could cause to an organisation (Bull and Cooke, 2005 and HEFCW, 2011 [2]).

- More effective use of resources and savings from site rationalisation and removal of unnecessary duplications in courses and posts
- Greater security for minority classes within a larger institution
- A more comprehensive curriculum and wider student choice
- An increase in borrowing capacity
- Greater consistency with accommodation strategies
- A higher local profile, providing the opportunity for a more effective position in relation to securing non funding council income, contributing to local strategic initiatives a joint marketing and co-ordinated liaison with local employers
- Greater responsiveness to future demands and enhanced opportunities for investment and funding

2.6 Summary of the Literature Review

This Chapter has first introduced the current situation of the HE sector in Wales and identified its difficulties and challenges. It then critically reviewed the relevant literatures, in the areas of competition, collaboration, co-opetition and merger and acquisition theories (which have all been classified as corporative strategy). After that, these theories, particularly the co-opetition theories, have been applied into real business cases and further used to evaluate the development and utilisation of co-opetition in the Welsh HE industry.

It is discovered from this Chapter that the Welsh Government is in a favour of merger, in order to reduce the numbers of universities in Wales to achieve greater efficiency and sustainability (HEFCW, 2011 [2]), despite having a high failure rate from previous voluntary merger attempts (see Table 2.5).

This Chapter has then investigated the differences between M&A and co-opetition, and, reviewed the criticisms of M&A. More importantly, it argues that the co-opetition strategy could become an alternative of M&A, to achieve similar business growths and objectives. The analysis of co-opetition strategy, with its possibility of replacing the merger, will hence be conducted, for the chosen case-study institution of this research (i.e. SMU) in Chapter 4, by following these findings and theories.

The systematic model of co-opetition (i.e. the Value Net Model) studied in this Chapter will also be applied to evaluate the implications of co-opetition strategy for SMU in Chapter 4.

3. RESEARCH METHODOLOGY

3.1 A combined qualitative and quantitative approach

In order to determine the most appropriate and effective methodology for any research work, it is important, first of all, to understand the theories and applications of the methods that are available for business related research (Robson, 2002). According to Cameron and Price (2009), there are two main research paradigms, including quantitative research and qualitative research, which are commonly utilised in business studies.

Table 3.1 – A comparison between quantitative research and qualitative research (Creswell, 2008; Davies, 2007 and Jensen, 2011)

Quantitative Research	Qualitative Research
➤ Involves gathering a large amount of data and the analysis can be complex ➤ Sampling a significant proportion to represent the total population ➤ Opposite to the hypothesis testing or predication ➤ Involves with higher costs and lengthy preparation work ➤ High reliability but low validity ➤ Good method to approve, test or further invent a theory ➤ Data can be highly specific and precise, but may also be inaccurate depending on the sampling choices ➤ Focused on numerical analysis, suitable for scientific researches	➤ Not normally involved with large samples or data ➤ More focused on people's views based on expertises and experiences ➤ Generalises from one setting to another ➤ Concentrated on proving some phenomena, rather than a theory ➤ Low reliability but high validity ➤ Data collected can be rich and subjective ➤ Suitable for non-scientific research, for example social or business related researches, where there needs to be a focus on real-life situations and/or human factors

Generally speaking, for quantitative research, the purpose is to “discover answers to questions through the application of scientific procedures”. On the other hand, qualitative research is “a situated activity that locates the observer in the world” (Davies, 2007). It is common to combine both methods to conduct a research to maximise the efficiency and bring a mixture of views (Jensen, 2011), but it is important to understand their distinct features and also some limitations respectively (which are provided in Table 3.1).

Dawson (2009) argues qualitative approach is applied to discover and value people's attitudes, experiences, beliefs, behaviours and reactions to a certain environment, change, affair or circumstance, hence, to anticipate the possible outcomes. On the other hand, quantitative research generates numerical data and information, which can be interpreted into precise numbers (Jensen, 2011). It is suggested that the type of methodologies chosen should be determined by the natures of the research being undertaken (Cameron and Price, 2009).

In order to achieve the objectives, it was decided to use the semi-structured interview (qualitative approach) and the content analysis (quantitative approach) as the main methods of this research. It is common to use both methods to carry out a research project, as a combination of both paths that allows the researcher to gather data from a larger field whilst also providing specific and in-depth results (Robson, 2002).

The semi-structured interview will involve in-depth interviews with relevant people, from a range of organisations, who have knowledgeable expertises and experiences in the research fields (e.g. Welsh HE, HE Co-opetition and Merger etc). The content

analysis will be conducted by evaluating the websites and prospectus of the chosen case study institution(s), in which the data can be then converted into numerical explanations (e.g. student enrolments, subject duplication rates and financial statuses etc). More details on the chosen research methods, with their justifications, and resource analysis, are given in the next session (Chapter 3.3).

3.2 Defining research questions and linking them with the objectives

This aim of this research is to identify and critically analyse a suitable corporate strategy for HEIs in Wales, through a case study of SMU. Saunders et al (2009) show that any research should be led by the research questions, specific objectives and be based on the extent of existing knowledge, with a strong attention to the amount of time available and other resources.

Table 3.2 outlines the research questions, which are correspondingly linked to the specific objectives. By linking the research questions with the objectives, this would help the researcher to be more focused, hence more effective, on achieving the individual goals (Creswell, 2008).

Table 3.2 – Linking the research questions with the objectives

Main objectives	Research questions
1. To conduct a critical review of the relevant literature for corporate strategies, particularly focusing on co-opetition theories (competition and collaboration) and its applications	➤ What is co-opetition and why is it important? ➤ How is co-opetition different from other corporate strategies (e.g. competition, collaboration, M&A)? ➤ How is this concept integrated and developed in the business world?
2. To evaluate the development and utilisation of co-opetition between Welsh HEIs, and the similarities and differences between co-opetition and merger & acquisition, with respect to the Welsh HE sector	➤ What is the development of co-opetition in the HE sector in Wales and what are the utilisations? ➤ What are the differences between co-opetition and M&A in the Welsh HE sector?
3. To analyse the status quo, in terms of strategic development, of SMU	➤ What is current situation, both from internal and external perspectives, of this institution?
4. To conduct an in-depth co-opetitive assessment for SMU, to analyse the influences and implications from its current merger strategy	➤ Is this merger a suitable strategy for this institution and its future? ➤ What are the positive and negative factors and influences from this merger? ➤ What are the implications and impacts from this merger to SMU's stakeholders?
5. To provide recommendations for the future co-opetition development of this institution	➤ What are the recommendations for the institution's co-opetition development?

3.3 Data collection techniques

3.3.1 Choosing data collection methods for this research

Taking the advantage of fluently speaking two languages fluently (Chinese and English) and having basic understanding of Japanese and Welsh, the research author is keen and able to carry out this research in a multi-language environment. This should maximise the research potential by bringing multi-language sources, especially at the interview stage.

Jankowicz (2009) argues that there are many research methods available for data collection and analysis. The effective data collection process should consist of both updated and meaningful primary data and secondary data. Figure 3.1 exhibits the data collection methods that will be applied in this research (details see Chapter 3.3.2 and 3.3.3).

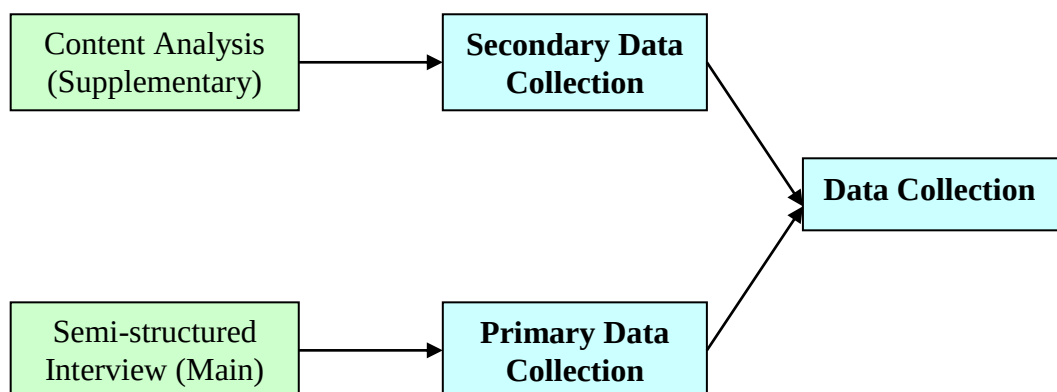


Figure 3.1 – Data collection methods for this research

3.3.2 Secondary data collection (content analysis)

➤ The purpose of secondary data collection

The collection of secondary data, “data that already exists”, is to gain a comprehensive understanding and essential knowledge of the status quo and current situation, which is fundamental for any research activities (Collis and Hussy, 2009). The secondary data collection of this research, also classified as the supplementary data collection, will be conducted through the content analysis.

The data gathered through this method will be converted into numerical explanations, for instance, course choices, student enrolments, trend of organisational development and financial statuses etc. These will then be used to analyse the status quo and current situation of the studying institution (Object 3).

➤ Justification of choosing content analysis

According to Jankowicz (2009), content analysis can be defined as a systematic and replicable technique to refute existing hypotheses. Carlson (2008) and Neuendorf (2002) state that content analysis is one of the fastest-growing techniques in quantitative research, which offers a systematic, objective and quantitative analysis of message characteristics. It would also strengthen the researcher’s claims for the validity of the conclusions drawn where mutual confirmation of results can be demonstrated and compared.

Another unique feature of content analysis is that it allows the researchers to selectively collect a large amount of data and filter the most important part, in a systematic manner (Vijay and Iris, 2006). As Weber (1990) mentioned, content

analysis is a useful tool for identifying and defining the issues from individuals, groups and organisations, which provides an effective alternative, compared with some other research techniques which are often too costly, lengthy or too obtrusive.

Krippendorff (2008) states the following four advantages that content analysis offer have made it a very efficient and broadly applied tool for quantitative researches:

- (a) Cost efficient
- (b) Applicable to unstructured materials
- (c) Unobtrusive and flexible
- (d) Context sensitive, applicable to large amounts of data

➤ **Data resources**

The secondary data, which will be analysed for this content analysis, include QAA reports, funding council and governing body reports, university websites, marketing materials and prospectuses for the studied institution (i.e. SMU) and its potential merging institutions (i.e. UoW TSD and UoW).

Table 3.3 and Figure 3.2 show the main resources for this analysis, with a particular focus on the university websites and prospectuses over a period of three years. Some of the materials shown in Figure 3.2 are no longer available publicly, as a result of institutional change (e.g. merger taking place). These materials have been obtained by this author by making direct requests, via telephone calls and emails, to the marketing department from these institutions.

Table 3.3 – Main resources for the content analysis

Institution	Website	Prospectus
Swansea Metropolitan University	http://www.smu.ac.uk	Undergraduate and Postgraduate Prospectuses from 2009 to 2013
University of Wales, Trinity Saint David	http://www.tsd.ac.uk	Undergraduate and Postgraduate Prospectuses from 2009 to 2013
University of Wales	http://www.wales.ac.uk	Marketing materials and brochures

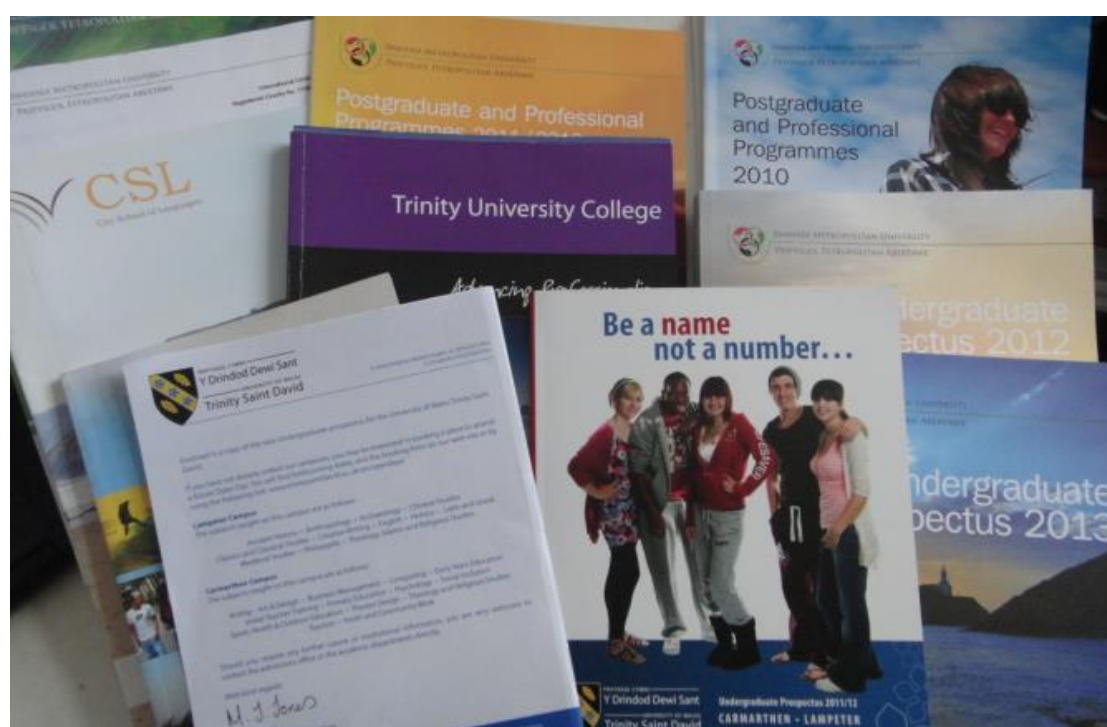


Figure 3.2 – Snapshot of obtained university prospectuses and marketing materials (SMU, UoW TSD, TUC and SU, from 2009 to 2013)

As previously mentioned, UoW TSD was former through the merger between UoW Lampeter and Trinity University College (TUC) in 2010 (HEFCW, 2011 [2]). By analysing and comparing the prospectuses before and after the merger, it would provide information for the trend of course changes / developments, personnel change and other organisational changes, as a result of the merger.

SMU also has many similarities, in terms of university size, marketing strategy, teaching and research capacities, with UoW TSD (HEFCW, 2011 [2]). SMU itself is also currently in the merging process with UoW TSD and UoW (BBC, 2011 [1]). The analysis, of the changes and developments caused by the merger between UoW Lampeter and TUC, can be used to anticipate the effects and implications for the merger, in which SMU is currently participating. This will help to answer the research questions associated with Objective 4 (see Table 3.2 in Chapter 3.2), by a means of numerical characteristics.

3.3.3 Primary data collection (semi-structured interview)

➤ The purpose of semi-structured interview

Creswell (2008) states semi-structured in-depth interview is one of the most classic and well-developed methods of qualitative research, which is commonly used to explore and understand people's beliefs, experiences, attitudes, behaviour and interactions. Saunders et al (2009) explain by incorporating with semi-structured interviews, it would allow the researcher to not only to detect patterns, but also apply inductive logic in generation of hypothesis. The interviewer is able to obtain in-depth and detailed answers from the relevant participants, through this effective approach of obtaining primary data (Cooper and Schindler, 2010).

As defined by Saunders et al (2009), the semi-structured interviews are to explore the knowledge and expertise, from the carefully chosen interviewees, in order to pursue the research questions in more detail and to anticipate outcomes and conclusion of the studying issue or subject. The semi-structured in-depth interviews of this research will involve a combination of experts and officials, in terms of Welsh HE, HE co-opetition,

and educational development strategy, from governing bodies, independent organisations and the studying Welsh HEIs. This method is designed to encourage the chosen interviewees to express their opinions and professional experiences and also to gain specific knowledge for the HE co-opetition development, which affect the studying Welsh institution.

➤ **Justification of choosing semi-structured interview**

There are a number of advantages by adopting interviews as part of the research, such as, the adaptability, in-depth and up-to-date data gathering, easily comparable answers, high validity and reliability (Cameron and Price, 2009). Furthermore, Saunders et al (2009) also proved that the participants' responses at interviews can be developed and clarified, thus allowing the interviewer to extract more detailed information.

Nevertheless, there are a number of different types of interviews available for data collection. For example, non-directed (or open) interview normally give little or minimised directions, in which participants are free to express their views on a given topic. However, the focused group interview, which investigates the responses to a specified situation and from a specified group of people, would then require detailed guidance of questioning the interviewees (Creswell, 2008 and Woods, 2012).

With respect to the semi-structured interview, Woods (2012) states it is carried out with an open structure that allows for focused two-way communication, for both giving and receiving information. Different from the questionnaire method (another popular way of conducting qualitative research), where detailed questions are prepared in advance hence the absorbing of information from the participants are

limited to the answers of these questions, semi-structured interview offers the openness for discussion in a synchronous communication manner. In addition, semi-structured interview gives a greater degree of confidence in responses by also considering the attitude and behaviour of interviewees, whereas the self-completed questionnaires are less meaningful (Collis and Hussey, 2009).

➤ **Determining the appropriate participants**

Participants for the interview are chosen, based on their relevant experiences and potential contributions to this research study. These participants are from a number of different organisations and institutions and represent the different stakeholders (the Value Net Model four external forces) of the studying university. The length of each interview is approximately one hour. These interviews started in September 2011 and were completed in March 2012.

Table 3.4 outlines the background of the participants of the interviews. Notably, each participant is given a unique interviewee serial number, which is used in Chapter 4 (Data Analysis) to distinguish quotations from different person. The category column in this table shows the different internal and external forces of SMU, based on the co-opetitive Value Net framework (more details and explanations are given in Chapter 4.3).

Table 3.4 – the list of participants for the semi-structured interview

Interviewee serial number	Position and organisation	Category
# 1	Vice-Chancellor at SMU	University
# 2	Assistant Dean and principal lecturer at SMU	University
# 3	Course director at Swansea Business School	University
# 4	Senior lecturer at Swansea Business School	University
# 5	Senior marketing officer at SMU	University
# 6	Senior student service officer at SMU	University / Student
# 7	Student society president at SMU	Student (Customer)
# 8	Student union member at SMU	Student (Customer)
# 9	Senior Officer from the Higher Education Division of the Welsh Government	Government (Complementor)
# 10	HE Officer at the Welsh Government Office in China	Government (Complementor)
# 11	HE Officer at the British Consulate General in China (Unsuccessful interview – see Chapter 5.1 for explanation)	Government (Complementor)
# 12	Managing Director of the education agency of SMU (for international student recruitment)	Education Agency (Supplier)
# 13	General Manager of the education agency of SMU (for international student recruitment)	Education Agency (Supplier)

➤ The interview procedure and interview questions

These interviews were conducted by face-to-face, telephone, and electronic-mail approaches. Through interviews, the researcher can gain more personal, detailed and specific understanding for the research work. These interviewees will also be forming the “judging panel” to evaluate the achievability and significance of the “sustainable Chinese student recruitment framework” developed through this project.

Details of the semi-structured interview, including the purpose of the study, confidentiality and ethics statement, the interview procedure and interview questions are given in **Appendix 1 (Primary data collection: semi-structured interview)**.

3.4 Limitations of the research

3.4.1 Technical limitations of the research methodology

➤ The content analysis

As defined by some researchers (Carlson, 2008 and Krippendorff, 2008), content analysis is a descriptive method, which only describes what is there, but may not be able to identify further for the root causes for the observed outcomes. This analysis would be limited by the availability and validity of data.

Depending on the quality of data, the analysis based on the observed resources may not reflect accurately of the reality (Neuendorf, 2002). According to Carlson (2008), analysis results could also be skewed and biased especially when the words, messages or data are being misinterpreted by the observer or researcher. As a result, different researchers interpret the collected data in completely different ways, which would bring inconsistency for the final results.

➤ The semi-structured interviews

Collis and Hussey (2009) argue that interviews allow qualitative data to be gathered by using a small number of samples, which may not necessarily represent the whole population. Moreover, due to variety of experiences and expertises from the chosen

interviewees, as well as, the differences in understating of a given theme or condition, it is difficult to guarantee the data gathered is unbiased.

On the other hand, the skill of the interviewer, for example the preparation of quality questions and the articulacy of respondent during the actual interview, may also affect significantly the outcome of such exercise (Madill, 2011). Gugiu (2010) discusses that this method requires a lengthy and thorough preparation. Unprepared and less well-organised interviews may bring disappointment or lead to an unsatisfied result.

3.4.2 Barriers and difficulties of conducting the research

In terms of limitation, two major challenges will be faced. Firstly, although it is possible to access information from the participating HEI(s) and HE authorities in Wales, due to different information disclosure and protection policies, the result of obtaining the primary data is uncertain. Secondly, there might be some cases where HEIs resist sharing detailed information regarding their national and international development or marketing strategies, due to commercial sensitivity. What is more, the primary data collection (i.e. semi-structured interview) only involves a small number of HEIs and other relevant organisation, in relation to the HE in Wales as a whole or the HE in the UK. Therefore, the research findings are not necessarily representative of all the other HEIs in Wales or in the UK, but exclusively for the studied HEIs.

3.4.3 Ethical and moral considerations

First of all, this research will be carried out in line with the Guideline of Research Ethics provided by the University. The research activities, for example the interviews,

involved with the data collection stage, are subject to the Ethics Approval from the Research Communities at SMU.

Any participants will make a voluntary decision about whether to take part in this study. Confidentiality of the participants and the information/data collected from them will also be strictly protected. The questions, listed in the interviews, will also be discussed and agreed by the research supervisor prior to conducting the actual data collecting practice. The whole research process will be conducted under the supervision from the supervisor. A detailed Ethical Statement is given in Appendix 1. Any participants involved with the interview will be briefed about the interview purpose and procedure before conducting the actual interview.

3.4.4 Reliability and validity

The reliability of a research study basically means the results from the analysis should be the same regardless the numbers of times of repeating the same study (Collis and Hussey, 2009). Due to the limited time allocated to this MBA research, it is not possible to repeat the data collection process to examine the reliability of the data collected. However, for the semi-structured interview, a wide coverage of carefully chosen participants from different organisations would bring a comprehensive and rich data, which would minimise the biases and improve the reliability.

There are also a number of factors threatening to the reliabilities of data collections, which include human errors, participant's biases, observer's errors and biases etc (Saunders et al, 2009). Regardless the different forms of research methods, the data would be represented and analysed by the individual researcher(s). Therefore, the

individual research competences and data interpreting skills also play an important role to ensure the research reliabilities (Cooper and Schindler, 2010).

According to Collis and Hussey (2009), validity refers to the accuracy of reflecting the phenomena under the study. Many factors, for example, human errors, inefficient sampling and ambiguous measurements would damage the validity of the research. As mentioned previously, the collection and analysis for both the secondary and primary data will be handled and conducted in a well designed manner. This would reduce the risks of data polluting. Additionally, this research applies a combination of qualitative and quantitative approaches. This would maximise the advantages from both methods, hence improving the reliability and validity of the research (Dawson, 2009).

3.5 Research planning and milestones

Table 3.5 – Time planning for this MBA research

Task	Completed by
1. Research proposal and confirmation of supervisor	September 2011
2. Literature review and analysis	December 2011
3. Collection and analysis of secondary data	January 2012
4. Agreeing interview questions and participants with supervisor	January 2012
5. Primary data collection, <i>semi-interviews</i>	February / March 2012
6. Primary data analysis, <i>semi-interviews</i>	March 2012
7. Analysis of overall findings and thesis writing up	April 2012
8. Draft submission	April 2012
9. Final correction and submission	May 2012

4. RESULTS ANALYSIS

4.1 The structure of this Chapter

This Chapter analyses the data collected through the content analysis and the interviews discussed in Chapter 3. To make this analysis more logical, the data will be presented and analysed by integrating into the following subsections.

- *Chapter 4.2 Current strategic position (a SWOT analysis).* This examines the status quo of the studying institution. This part is particularly important, as it is the foundation for any future strategic plans (e.g. merger or co-opetition);
- *Chapter 4.3 A Co-opetitive Value Net analysis for the merger strategy.* The Government's merger plan for SMU is currently underway. This Value Net model, by applying co-opetition strategy theory, evaluates the views, concerns and opinions from all key stakeholders of SMU.

4.2 Current strategic evaluation (a SWOT analysis)

Table 4.1 provides a critical reflection analysis (SWOT) of the current strategic position of SMU, through analysing the interview data.

Table 4.1 – A SWOT analysis of the studying institution (interview data analysis)

Strengths Interviewee # 1, 2, 3, 4 – <i>“Strong financial position”</i> Interviewee # 1, 3 – <i>“Business-aligned operation model”</i> Interviewee # 3, 4 – <i>“Career focused courses; High graduate employment rate”</i> Interviewee # 6, 7, 8 – <i>“Open environment; High satisfaction from students”</i>	Weaknesses Interviewee # 2, 3 – <i>“Small operational scale and limited student capacity”</i> Interviewee # 3 – <i>“Limited diversity in student population; Low proportion of international students”</i> Interviewee # 3, 4, 5 – <i>“Limited course choices, especially for research courses”</i>	Internal Factors
Opportunities Interviewee # 1, 2, 5 – <i>“More regional and international collaboration; Joint research development”</i> Interviewee # 2, 3 – <i>“Further expansion for international student recruitments”</i> Interviewee # 3, 4 – <i>“Investment and facility upgrades”</i>	Threats Interviewee # 1, 3 – <i>“Fee increase; The cap on student numbers for home students; Immigration Policy change”</i> Interviewee # 1, 2, 4 – <i>“The Government thinks small Welsh HEIs can not survive and are not sustainable”</i> Interviewee # 3 – <i>“University closure or a complete organisational change due to potential merger or takeover”</i>	

4.2.1 Strengths

➤ Interviewee # 1, 2, 3, 4 – “*Strong financial position*”

All of the interviewees within SMU believe that the strong financial position is the greatest strength of this organisation. In fact, according to UK Higher Education Financial Yearbook (2012), this institution is ranked at the fourth-strongest financial position among all the other UK HEIs in 2012. It also has consistently achieved the best financial performance in the Welsh HE sector since 2008 (when it gained the University status), as well as being named Britain’s most financially efficient HEI in 2011 (SMU, 2012).

➤ Interviewee # 1, 3 – “*Business-aligned operation model*”

According to the interviewees (# 1 and 3), the academic side, for example teaching and lecturing, of SMU can be referred to as the operation and production parts of a commercial organisation, which are also the core element of the university. Each faculty has its dean and each course has its course director. These people are responsible for the overall quality of his/her faculty or course.

On the other hands, the non-academic aspects, for example marketing, registry and student service, are the supporting functions for the university’s operation and production. These functions have their corresponding managers in place to manage the efficiency and effectiveness. This business-aligned model distinguishes the production and supporting services, which avoids conflicts and allows greater efficiency and transparency.

➤ Interviewee # 3, 4 – “*Career focused courses; High graduate employment rate*”

According to SMU (2012), 80% of its students and graduates engage with curriculum-based enterprise activities, which is the highest rate among all the other Welsh HEIs. Interviewees believe this achievement is as a direct result of the carefully designed career focused courses. Many lecturers at the university have significant business and management experience. Project based assignments and role based group work help students develop enterprise skills at every stage of their courses.

➤ Interviewee # 6, 7, 8 – “*Open environment; High satisfaction from students*”

These interviewed students at Swansea Business School (SBS) at SMU had all previously studied at another Welsh university. They describe a very good relationship between lecturers and students at SMU. The lecturers are easier to approach and many of them provide students checks and corrections for their draft assignments. There is also an “open door” culture, which means students are welcomed to come to see their lecturers at their offices at any appropriate time to raise their concerns or seek assistance.

4.2.2 Weaknesses

- Interviewee # 2, 3 – “Small operational scale and limited student capacity”

Although SMU is financially the strongest HEI in Wales (see Table 4.1), it has one of the lowest levels of financial incomes when compared with other Welsh universities. This is due to its small operational size, i.e. student enrolment. For instance its total income in 2007 was approximately £45 m, which was 26% of the income of Swansea University and 12% of the income of Cardiff University (Wales Audit Office, 2009). Senior lecturers at SMU (Interviewees # 2 and 3) also expressed concern that the limited student capacity would restrict the university for further expansion.

- Interviewee # 3 – “Limited diversity in student population; Low proportion of international students”

As can be seen from Figure 4.1, student population at SMU is dominated by UK (home) students, which contribute 89% of the total enrolments. The proportion of non-UK students makes up the rest 11% population, which is considerably lower than both the Welsh and UK HEIs averages (19% and 16% respectively). As mentioned in Chapter 1.1.1, the financial contribution from international students is very significant. Especially at the time when the Government is cutting university budgets, raising international student numbers becomes critically important to increase their revenues and fill up the gaps from the falling budgets.

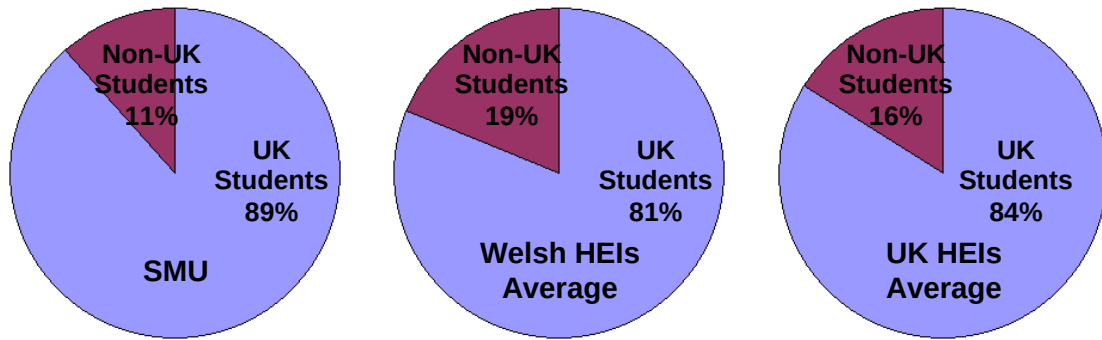


Figure 4.1 – Proportion of international students at SMU with Wales and UK average figures (Content Analysis Results, SMU, 2012 and UCIAS, 2011)

➤ Interviewee # 3, 4, 5 – “Limited course choices, especially for research courses”

A comparative content analysis (see Figure 4.2), for the courses offered by SMU and its regional competitors (including UoW TSD and SU) in 2011 academic year, shows that students have far less choices in undergraduate, postgraduate (taught) and research studies at SMU than at its competitors. The variety of courses is very limited. Interviewees also argue that the leak of research development prevents the university gaining large research funds or attracting government or industrial financial support.

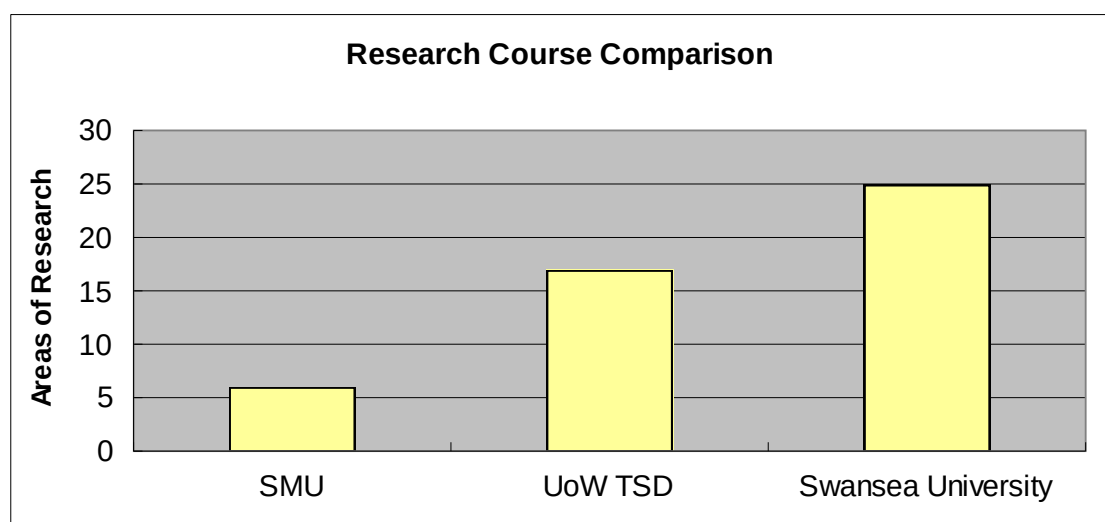
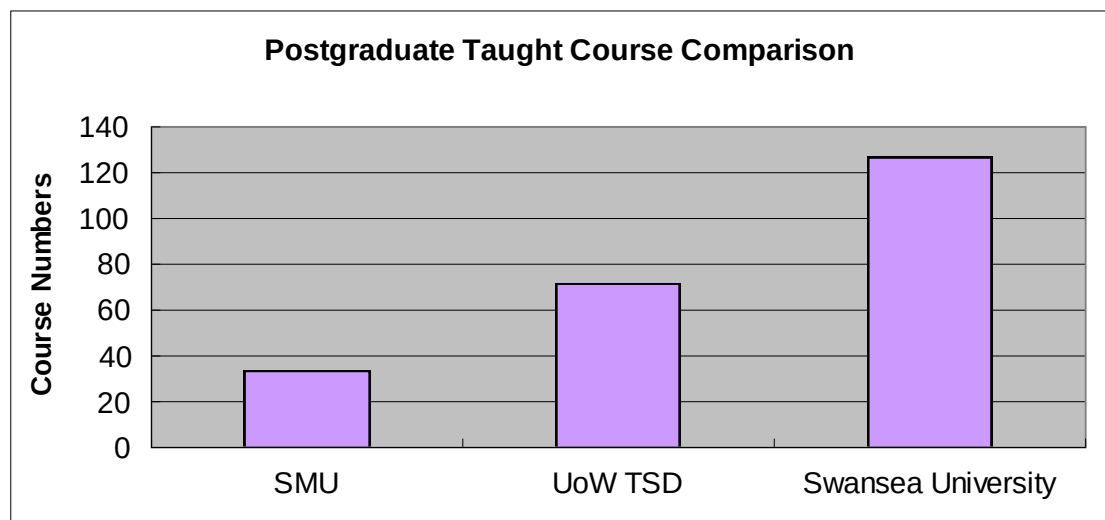
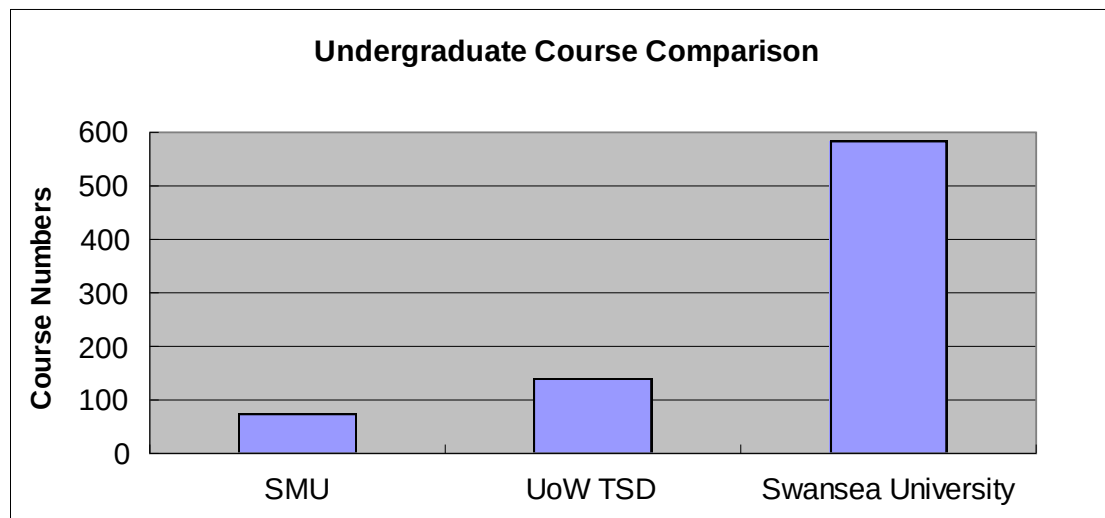


Figure 4.2 – Course comparisons between SMU, UoW TSD and SU in 2011
(Content Analysis results of prospectuses of SMU, TSD and SU)

4.2.3 Opportunities

- Interviewee # 1, 2, 5 – *“More regional and international collaboration; Joint development projects”*

As mentioned in Chapter 2.3, SMU is an active member of one regional group and one national HE collaboration group, named the South West Wales Higher Education Partnership (SWWHEP) and the UoW alliance respectively.

There are more than 20 joint collaborative projects currently being conducted in South West Wales region under the SWWHEP, between SMU, UoW TSD and SU. Academic staff from SMU can study a HE course (excluding MBA and EMBA), free of charge, at SU, and vice versa (Interviewee # 1). Furthermore, the UoW alliance allows SMU to develop and expand international links through the coordination of UoW and its alliance member institutions, which maximise the efficiency and minimise the operational costs (Interviewee # 2).

- Interviewee # 2, 3 – *“Further expansion for international student recruitments”*
- SMU has successfully established a number of partnerships with institutions overseas, in countries including Finland, Hong Kong, China and India etc. SMU has also engaged with delivering its “franchised” courses at these institutions, in the limited business related subjects, managed by its business school (Interviewee # 2, 3). There are great opportunities to develop projects, joint courses and links in other areas and subjects with these existing partners. It is also possible to offer students, who completed courses at these institutions, further study opportunity at SMU. This should in return help raise SMU’s profile and also bring more international students to the university.

- Interviewee # 3, 4 – *“Investment and facility upgrades”*

According to Interviewee # 1, the university has strong fixed assets, substantial annual turnovers and significant savings in the banks (the reasons for becoming financially the strongest HEI in Wales). Interviewees # 3 and 4 recommend that SMU could well manage to spend some of these savings into facility upgrades in areas such as library services, accommodation, computer and car parking facilities etc. The strong financial status is also a key factor, which could help the university get better loans from banks or investors for bigger development projects. It would also benefit the university and achieve greater student and staff satisfaction.

4.2.4 Threats

- Interviewee # 1, 3 – *“Fee increase; the cap on student numbers for home students (Government policy)”*

Shepherd (2011) reports that the increase of UK universities tuition fees in 2012 is predicated to see a considerable reduction for UK student enrolments. The cap on UK student numbers (due to HE budget cuts), strictly enforced by the Government, also restricts universities. Regarding SMU, the vast majority of the student population (89%) is made of UK students (see Figure 4.1). The predicated reduction of UK students, as well as the funding cuts, could cause some financial difficulties to the university (Interviewees # 1 and 3).

- Interviewee # 1, 2, 4 – *“The Government thinks small Welsh HEIs can not survive and are not sustainable” and*
- Interviewee # 3 – *“University closure or a complete organisational change due to potential merger or takeover”*

As mentioned in Chapter 1.1.3 and Chapter 2.5.3, the Welsh Government states there are too many and too small HEIs in Wales, which are unsustainable and less competitive when compared with those elsewhere in the UK and internationally. The Government had allocated specific funding to reduce the numbers of Welsh HEIs through mergers and intensive collaborations (HEFCW, 2012 [1]).

Under the pressure from the Government, SMU has engaged in a number of merger negotiations with some other Welsh HEIs (see Table 2.5 and Table 2.6). Some senior staff at SMU expressed concerns that a merger would bring complete organisational change and cause uncertainty of its future. Consequently, these factors would affect university branding, marketing and student enrolments (Interviewee # 3).

4.3 Co-opetitive (Value Net) assessment for the merger corporate strategy

Co-opetition theory (Brandenburger and Nalebuff, 1996) shows that there are four external forces, which are in interactive relationships with an organisation, influencing the way the organisation operates. These four forces, including customers, suppliers, competitors and complementors, together with the organisation itself, compose the co-opetitive Value Net framework.

Figure 4.3 presents the utilisation of this Value Net framework to the case of SMU. Due to the non-commercial nature of HE and as pre-agreed with the research supervisor, this Figure identifies the major player(s) in each of these four external forces.

As previously mentioned, SMU is in the process of merging with UoW and UoW TSD. These three universities would integrate into one under the 1822 Royal Charter of UoW TSD (SMU, 2012). **Appendix 2** provides the detailed merger announcements from all three involved parties. The following subsections, by applying this identified SMU's Value Net model (i.e. Figure 4.3) and the co-opetitive corporate theory, evaluate the influences and implications, which would be brought from this merger, to all the parties concerned around SMU. The data analysed in this session are collected through the described Content Analysis and Interviews in Chapter 3.

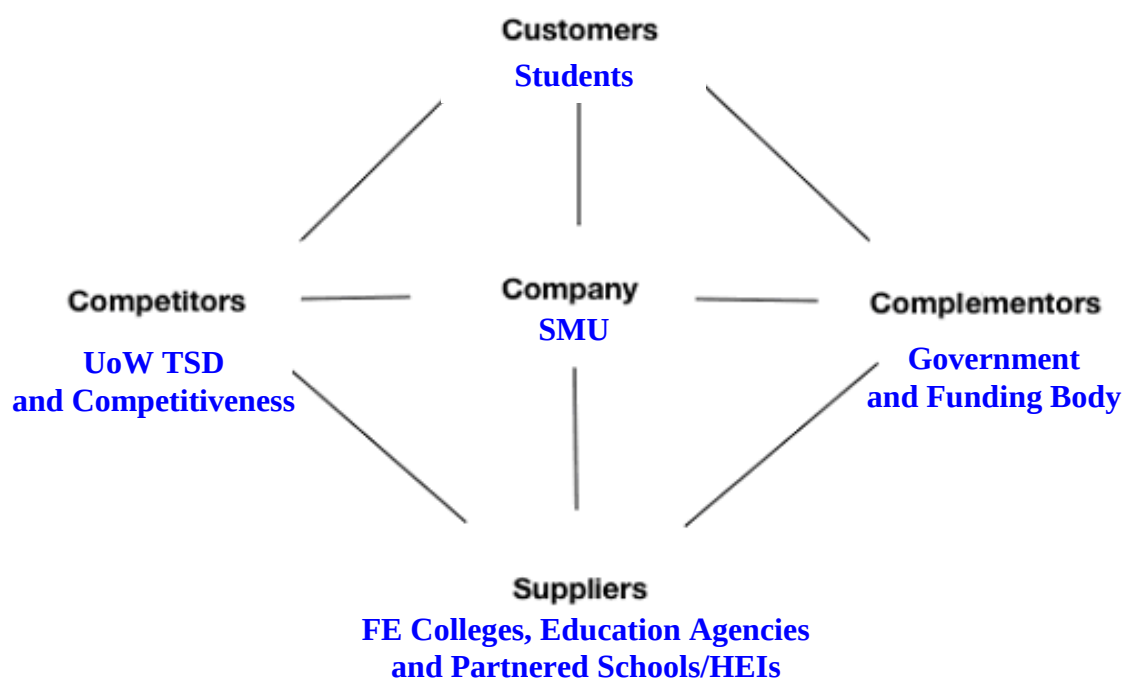


Figure 4.3 – The utilisation of Value Net model to SMU
(Author's application of Co-opetition theory from Nalebuff and Brandenburger, 2002)

4.3.1 The organisation (SMU)

(a) *The financial aspect*

“SMU is a lot richer than UoW TSD.” – Interviewee # 1

“We are concerned our strong financial position, including the substantial turnover and current asset, would potentially lead us to become some sort of ‘cash cow’ for the unified institution.” – Interviewee # 2

“The other institutions involved in this merger have had debt issues and financial crisis, which caused its previous merger with another HEI in this region. We would lose our financial advantage (our greatest success), if our savings would have to be used to pay for their debts”. – Interviewee # 3

To quantify these claims, this author had made a direct enquiry to the University and College Union (UCU) and had obtained the financial status datasheet for these Welsh HEIs (as attached in **Appendix 3**). This data had been analysed and interpreted into a comparison graph (see Figure 4.4), regarding their total current assets and total liabilities, for UoW Lampeter, Trinity University College (TUC) and SMU in 2010 (TUC and UoW Lampeter merged in autumn 2010 and formed the current UoW TSD).

As can be seen from Figure 4.4, the total current assets of SMU are greater than these from TUC and UoW Lampeter combined, yet has the lowest level of liabilities. Nevertheless, TUC particularly has a very high level of liabilities. SMU’s rich assets would be shared out with all of other parties after the integration. Therefore it is evident that this merger would not benefit SMU from the financial point of view.

SMU would lose its money and savings which potentially could be used for its own developments were this merger not to happen.

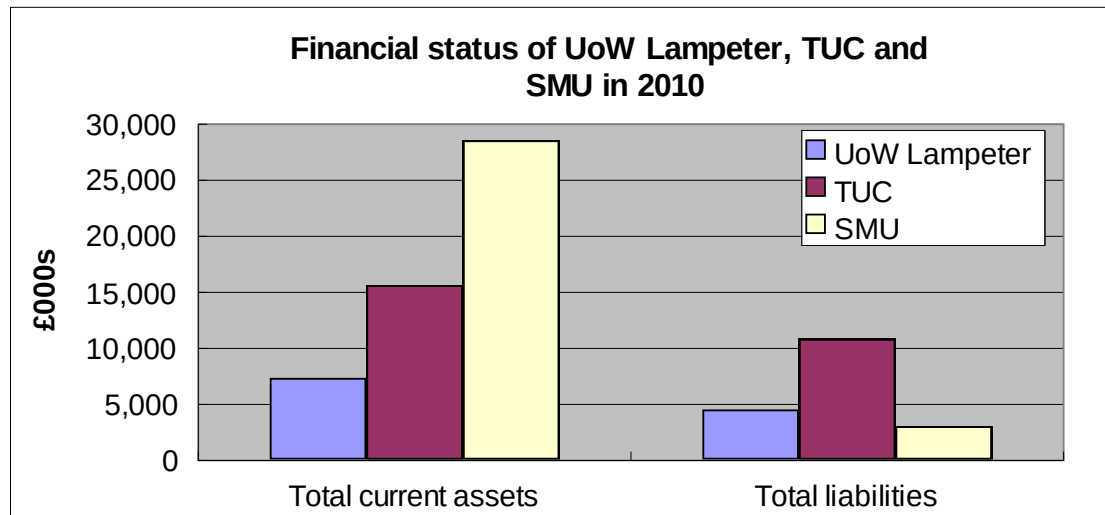


Figure 4.4 – Financial status of UoW Lampeter, TUC and SMU in 2010
(Data from **Appendix 3** – Welsh HEIs financial status datasheet)

(b) Senior management

In theory, a merger would cause a fundamental change in the management and operation of the organisation (Hellmers, 2009). This seems to be the case for this university merger, as the governing bodies from SMU, UoW and TSD have all confirmed a new single governance and management structure will be created for the transformed university, which is aimed to become more financially and operationally efficient (**Appendix 2**).

Table 4.2 lists the planned senior management change, involving all the Vice-Chancellors (VCs) of these three universities after this merger. Professor Medwin Hughes, the former principal of TUC, has become the VC of UoW TSD when TUC and UoW Lampeter integrated in 2010 (BBC, 2011 [2]). Professor Hughes has also

assumed the role of VC of UoW since October 2011 (**Appendix 2**). After the merger of SMU, UoW and TSD in August 2012, Prof Medwin will be effectively in charge of “four” Welsh institutions (i.e. TUC, UoW Lampeter, UoW and SMU).

Table 4.2 – Planned senior management change after the merger
(Information from **Appendix 2** – Merger announcements from SMU, UoW and TSD)

	Current position	Position after the merger in Aug 2012
Prof Medwin Hughes	VC of UoW TSD and VC of UoW (since Oct 2011)	VC and Chief Accounting Officer of the new institution
Prof Marc Clement	VC of UoW (until Oct 2011)	President
Prof David Warner	VC of SMU	Senior Provost (in charge of the Swansea campuses)

As evidence has shown (**Appendix 2**), recent rearrangements for the most senior posts between UoW and UoW TSD were conducted without the involvement of SMU. Although Prof Warner would become the Senior Provost for the new institution, however he would be mainly responsible of the Swansea division within the merged university (Interviewee # 3). Some staff at SMU raised concerns that the “allied” relationship between UoW and UoW TSD and the rearrangement for their VCs to hold the most important and influential roles in the new institution, would “isolate” SMU in order to protect its best interests and values (Interviewees # 2 and 4).

(c) Non-academic operations

M&A theory (Chapter 2.4) concludes that the biggest advantage of a merger is to centralise core operations and minimise (or avoid) duplications, hence to achieve greater efficiency and significant savings for the business. Management at SMU has

assured there would be no compulsory redundancy brought about by this merger. However, it is also agreed to unify many of its non-academic operations with the other two parties to achieve desired efficiency and financial savings (Interviewees # 1 and 3).

Table 4.3 summarises a Content Analysis, which has identified 15 units (functions) to categorise the non-academic operations at SMU, TSD and UoW respectively. From the calculation based on Table 4.2, it works out as high as 86% of these functions at SMU overlap or duplicate with the ones at TSD or UoW. By sharing expertise and best practice, the new university would be able to provide better and enhanced services to its staff and students, in a more effective manner (Interviewee # 3).

Nevertheless, this high duplication rate on their non-academic operations would possibly lead to post merger closure or major personnel change in the near future. It is even more worrying, as one of the parties in this merger, UoW, has recently proposed a redundancy plan (as a result of this organisational change) concerning a significant number of staff, including a 40% job cut to reduce the directorate personnel from 17 to 10 (Shipton, 2012).

Furthermore, concerns, including cultural difference, devaluation of SMU's brands, the new university becoming more bureaucratic and long distance between different campuses, have also been mentioned by SMU's employees (Interviewee # 2, 3 and 4).

Table 4.3 – Content analysis of non-academic operations of SMU, TSD and UoW (SMU, TSD and UoW websites, 2012)

Functions / posts (in alphabetical order)	SMU	TSD	UoW
1. Admission units (for students)	X	X	
2. Enterprise units	X		X
3. Environment unit (including, energy waste and recycling management)	X	X	
4. Finance and payroll	X	X	X
5. Global academy (UoW global services for HE and enterprise collaboration)			X
6. Health and safety	X	X	X
7. Human resources	X	X	X
8. IT services (e.g. emails, telephones and fax etc)	X	X	X
9. International office (including visa and immigration advice)	X	X	
10. Logistics (e.g. conference centre, supply chain, transportation, facility and equipment maintenance)	X	X	X
11. Marketing department	X	X	X
12. Publication unit			X
13. Staff and student services (e.g. career services, language support, consultation, first aid, supports for disabled people, computing, library, student unions and accommodation)	X	X	X
14. Validation units and allied functions	X	X	X
15. Other facilities (e.g. security, catering, canteen, ATM and cafe etc)	X	X	

(d) Academic operations

Table 4.4 conducts a similar Content Analysis, but for the academic operations at these universities. The academic disciplines are categorised based on the HEFCW guidance, which covers the majority of subjects that HEIs in Wales offer to students (HEFCW, 2011 [1]).

As can be seen from Table 4.4, the vast majority of courses offered at SMU are also available at TSD. UoW is a non-teaching institution. However it has authoritative Welsh and Celtic language and culture research centres (UoW, 2012). After the merger, it will create opportunities for synergy and rationalisation, with combined resources, to maximise the quality of the courses. The functions of synergy will also bring cost efficiency for the new institution (Interviewees # 2 and 3).

Further analysis for its possible future courses, structure and competitiveness is given in the following section (**Chapter 4.3.2**).

Table 4.4 – Content analysis of academic operations of SMU, TSD and UoW (SMU, TSD and UoW Prospectuses, 2012)

Academic disciplines (in alphabetical order)	SMU	TSD	UoW
1. Advanced Welsh and Celtic Studies			X
2. Arts and design and allied subjects	X	X	
3. Business and management	X	X	
4. Combined studies (e.g. cross subjects research)		X	
5. Education (Qualified Teacher Status (QTS) and Initial Teacher Training (ITT))	X	X	
6. Education (other than QTS / ITT)	X	X	
7. Engineering and technology	X		
8. Environment, building and built environment	X		
9. Humanities (other than language studies)	X	X	
10. Language and culture studies		X	X
11. Mathematical science, IT and computing	X	X	
12. Medicine / Dentistry			
13. Science (e.g. chemistry and physics etc)	X	X	
14. Social science	X	X	
15. Subjects and professions allied to medicine (e.g. nursing and healthcare etc)	X	X	

4.3.2 Competitors (and competitiveness)

Figure 4.5 compares the student enrolments at some of the largest universities in Wales in 2010. SMU and TSD, currently as two of the smallest Welsh universities, would become the fourth largest one, just behind Cardiff, Glamorgan and Swansea Universities, when this merger is completed in August 2012. Its competitiveness would be significantly enhanced, which would lead it to become more influential and important in South West Wales and wider regions (Interviewee # 4). HRH the Prince of Wales is also to become the Royal Patron of the transformed university (BBC, 2011 [5]), which will further raise the reputation and branding of the new university.

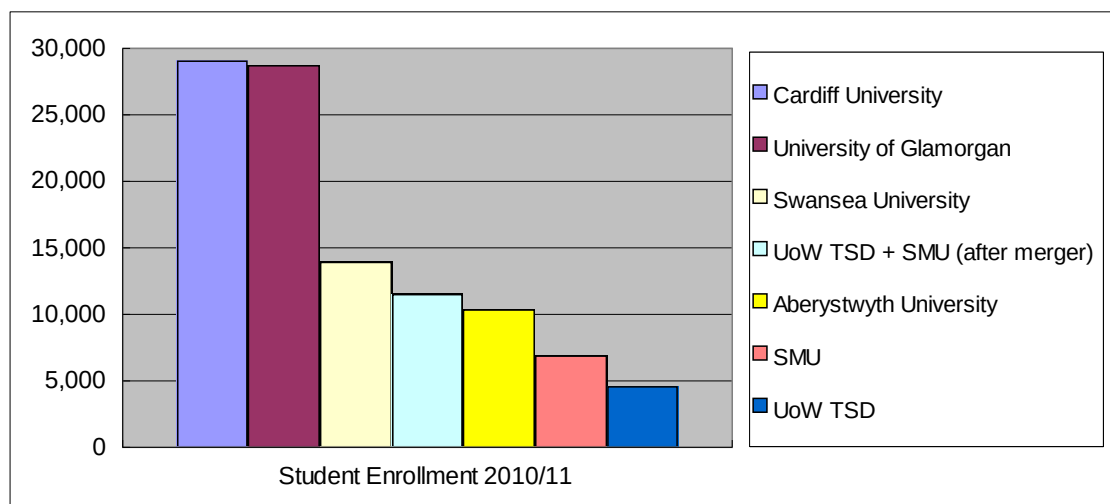


Figure 4.5 – Student enrolments comparison with the current largest four universities in Wales (HEFCW [2], 2011)

More specifically, Figure 4.6 carries out a detailed Content Analysis, for the current student enrolment breakdown information, in each of the academic disciplines identified in Table 4.4, at SMU and TSD. It also presents the proportion of students in different levels of studies, including Foundation/HNC/HND courses, bachelor degrees, taught masters and postgraduate research courses.

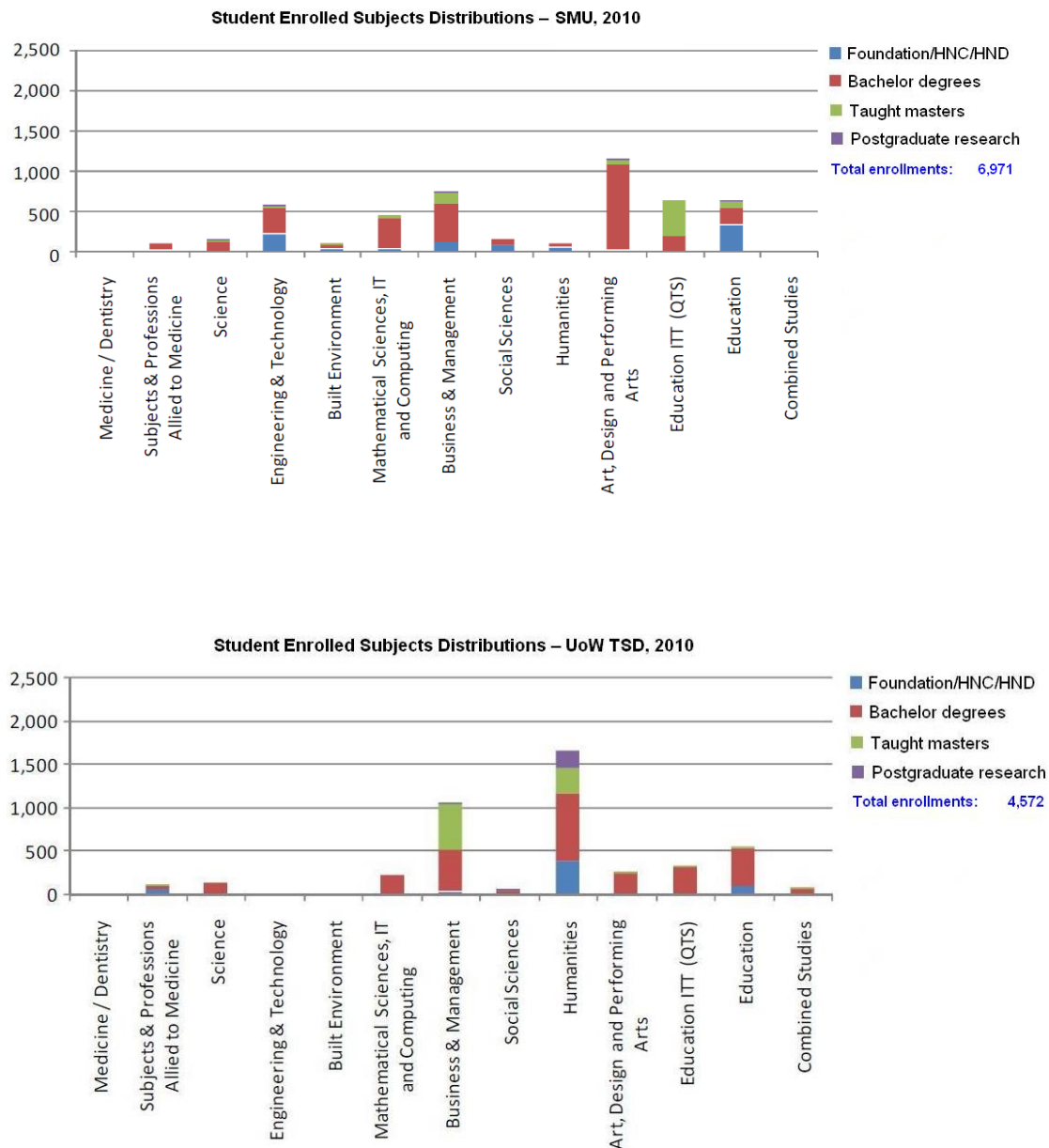


Figure 4.6 – Subject distributions (student enrolments) for SMU and UoW TSD (Content Analysis Results, SMU and TSD Prospectuses 2010 and HEFCW, 2011 [1])

Figure 4.6 shows that the majority of students enrolled at SMU and TSD are pursuing bachelor degrees and both universities have a very limited proportion of research students. As well as having big enrolments in same common subjects, for example, Business Management and Education, SMU and TSD also have many other different or specialised academic areas and disciplines. For instance, SMU has some significant

numbers of students at its Engineering and Technology Department and Arts School (which TSD does not have); whereas TSD has much bigger student numbers in subjects related to Humanities.

By combining these two graphs from Figure 4.6 together, Figure 4.7 below simulates the student enrolment distributions at the unified university after the merger. This Figure exhibits that this merger would create four large schools / departments, within the new university, covering subjects of Business and Management, Humanities, Arts and Design, and, Education (including teacher training, i.e. ITT and QTS).

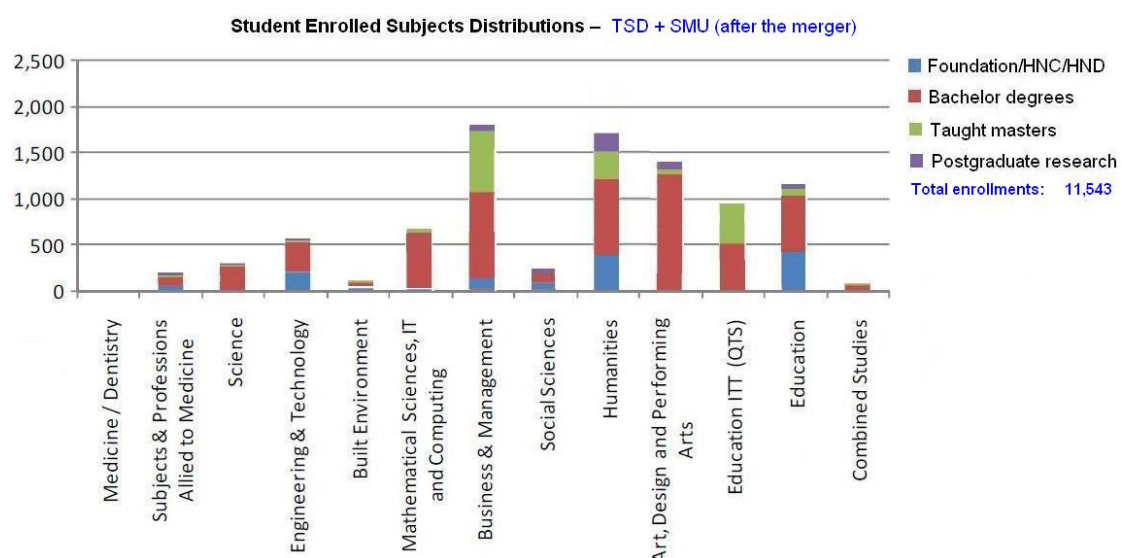


Figure 4.7 – Subject distributions (student enrolments) after the merger
(Combined analysis of Figure 4.6)

With a total enrolment reaching 11,543 and becoming the fourth largest university in Wales, Interviewees # 2 and 3 argue that this new institution would play a far more important role in delivering excellent HE, with wider geographical spread across South West Wales region. The region will also be well served by the new university.

In addition, its increased size will allow more expansion in the area of international collaborations (Interviewee # 3).

It is worth mentioning that the research aspects of the new university would still remain limited (see Figure 4.7), by comparison with its regional and national competitors. However, as a result of the merger and the integration of capital and other resources, the university would become better rationalised to develop greater research opportunities. It would also be better to attract bigger investments and funding for research development. With stronger financial base, it would be possible to integrate the small research presence of each university, to create research facilities in order to accommodate medium to large sized research projects (Interviewees # 2 and 5).

4.3.3 Customers (Students)

As mentioned in Chapter 2.4.5, the M&A theories propose that merger between large organisations would potentially bring monopoly completion (as the new organisation becomes much more powerful), with a risk of bringing price fixing and forcing unfair deals to suppliers or customers (Siegenthaler, 2010).

According to Interviewees # 6 and 7, International students at SMU are concerned about the possible tuition fee increase, which might be brought by this merger (home student tuition fees are fixed by the Government). Figure 4.8 and Table 4.5 review and summarise the fees that TUC charged to its international students before (in 2009) and after (in 2010) its merger with UoW Lampeter. These interviewees described it as “shocking”, after discovering TUC increased an average of 34% of its international

student tuition fee after the merger (for example the increase from £7,500 to £9,500 for BA/BSc courses).

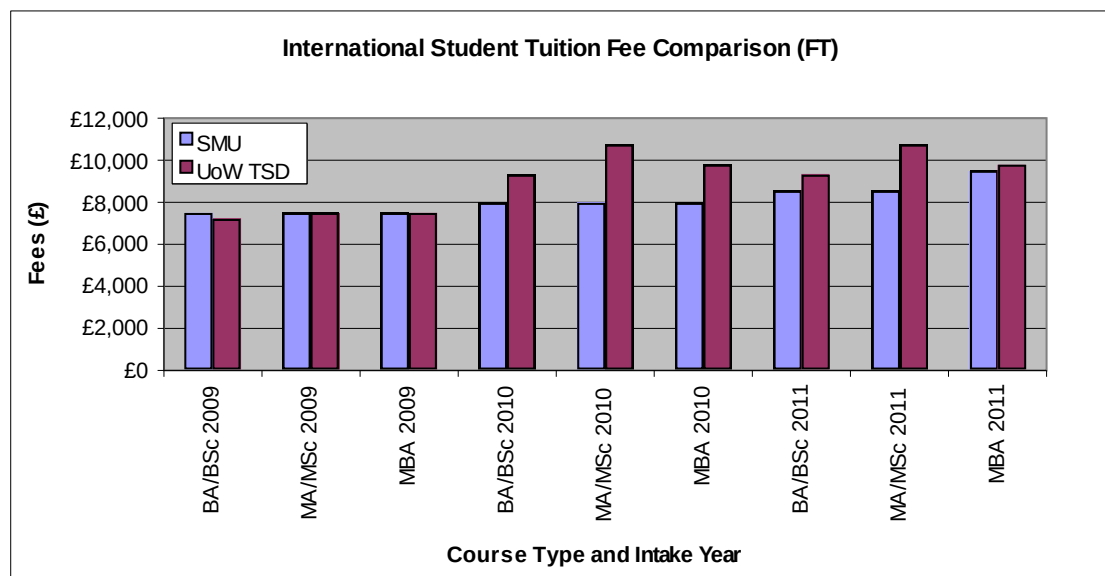


Figure 4.8 – International student tuition fee comparison, SMU and UoW TSD (Content Analysis Results, SMU and UoW TSD Prospectuses 2009 – 2011)

Table 4.5 – International student tuition fee increase, SMU and UoW TSD

Tuition Fee Increase, 2009 to 2010 (For FT International Students Only)	SMU	UoW TSD (TUC)
Undergraduate courses	6.7%	29%
Taught masters courses (excluding MBA)	6.7%	43%
MBA courses	6.7%	30%
Average increase	6.7%	34%

This is a very sensitive issue for SMU, as it will have to agree with a unified tuition fee after the merger with the other parties. If the new fee is too high, it might bring some negative impacts towards student recruitment. However, it appears practically impossible for UoW TSD to reduce their fees to match SMU's current standard, because this would be unreasonable for TSD's current students, as they have already paid the higher fees (Interviewee # 3).

There are also concerns and worries for this merger, with respect to the uncertainty of its future, changes in entry requirements, the student union restructure, travelling needs to different campuses between Swansea, Carmarthen and Lampeter, and, the effects on teaching standards, in the student population. However, many students at SMU are confident about this merger and see it as a great opportunity to achieve wider recognition in the UK HE sector and improve its position in the UK Universities ranking / league tables (Interviewees # 6, 7 and 8).

4.3.4 Complementors (Government and funding body)

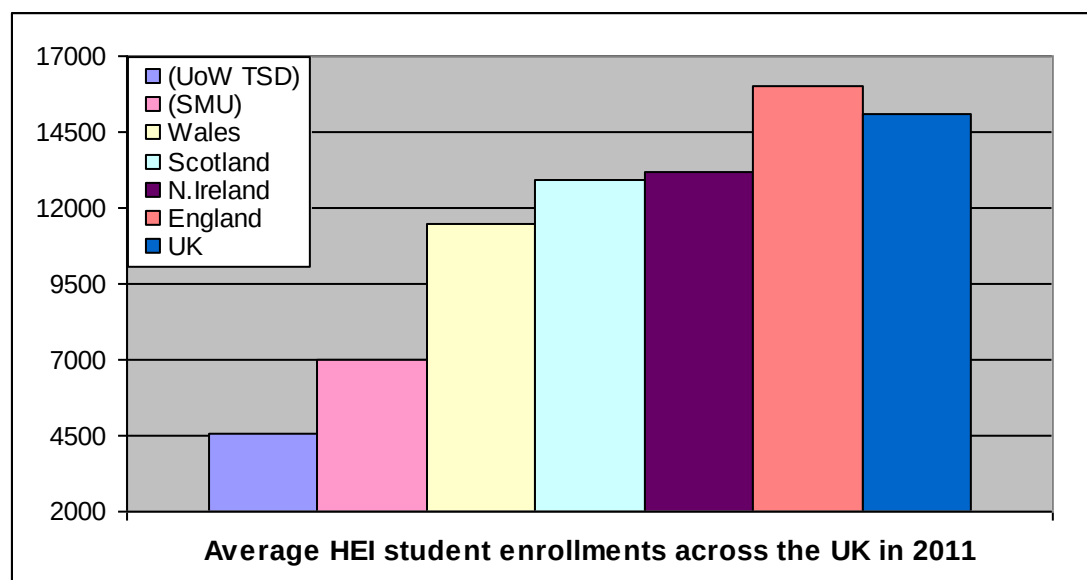


Figure 4.9 – Average HEI student enrolments across the UK in 2011 (UCSA, 2011)

Figure 4.9 compares the average number of students enrolled at all of the 165 HEIs across the UK in 2011. In contrast with HEIs on other parts of the UK, Welsh HEIs have the lowest average student numbers, with only two out of 10 Welsh universities (Cardiff and Glamorgan) exceeding the UK average student numbers (UCSA, 2011). Figure 4.8 also shows each Welsh HEI in average has approximately 4,500 students

(the size of UoW TSD) less than its competitors in England. Student numbers at UoW TSD and SMU are both far below the Wales and UK averages.

“There are too many and too small universities in Wales. With a population of three million (in Wales), it has 10 universities, compared with 14 in Scotland, which has the population of 5.2 million, and two universities in Northern Ireland, where the population is 1.7 million. This leads to extremely high administrative costs for the Welsh high education sector as a whole”. – Interviewee # 9

The income of small institutions is constrained by not only their small capacities, but also the weakness in attracting capital investment and research projects (Interviewee # 9). However they still encounter a very high level of operational and administrative costs, particularly from their employee (including academic staff) salaries, employer pensions and National Insurance contributions etc (Interviewee # 10).

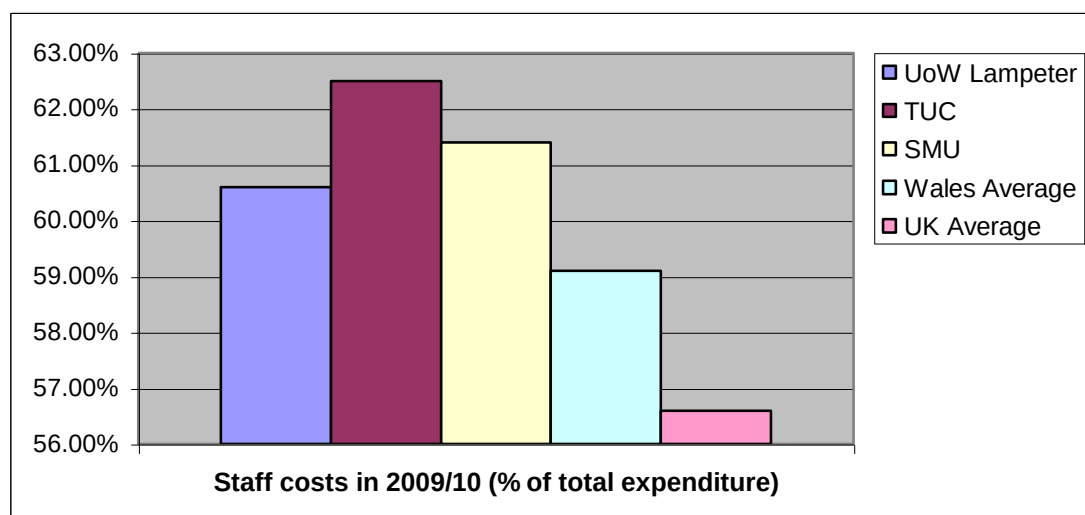


Figure 4.10 – Staff costs at UoW Lampeter, TUC and SMU in 2009/10
(Data from **Appendix 4** – Welsh HEIs income and expenditure review, 2007 to 2010)

Figure 4.10 analyses the data from the UK HEIs income and expenditure reviews published by the University and College Union (UCU) in 2011. It exhibits the percentages of staff costs out of the total expenditure for UoW Lampeter (60.6%), TUC (62.5%) and SMU (61.4%) in 2009/10 academic year. It also summarises the Wales and UK averages of 59.1% and 56.6% respectively.

As can be seen from Figure 4.10, the proportion of staff costs at UoW Lampeter, TUC and SMU are all higher than the Wales and UK averages, which might be an indicator that these institutions are operationally less efficient. By taking the difference in the number of student enrolments into account (Figure 4.9), it is clear that the proportion of staff costs, in other words, the operational and administrative costs, of small universities, is considerably higher than larger ones.

As recently as a decade ago (in 2002), the Welsh Government recognised the unsustainability and extreme high costs of running the HE industry in Wales, and hence produced the “Reaching Higher – a Strategy for the Higher Education Sector in Wales” report, urging Welsh HEIs to merge and collaborate (Welsh Assembly Government, 2002).

Since 2002, the Government and the HEFCW have allocated, in total, £0.13 billion into reconfiguration and collaboration projects between Welsh HEIs (details see **Appendix 5**). As previously analysed in the Literature Review, several mergers and regional / national collaborative partnerships have been achieved and established, as a result of this reconfiguration drive from the Government, although a notable number

of merger attempts had failed for various reasons, causing some confusion and uncertainties of the future for Welsh universities (see Chapter 2.5).

This merger, concerning SMU, UoW TSD and UoW, was agreed in July 2011, days after the merger talks between SMU, UoW TSD and UWIC collapsed (Western Mail, 2011). There are senior academics in Wales who have criticised the Government's merger strategies to get fewer numbers of universities in Wales (Evans, 2012). Nevertheless, this merger is seen as a major HE development in South West Wales, which is expected to bring massive savings, better efficiency and higher standards of HE services in the region and wider areas (Interviewees # 9 and # 10).

4.3.5 Suppliers (Partnered institutions and agencies)

Table 4.6 – Summary of interview responses from identified “suppliers” for SMU (Interviewees # 11 and 12)

Positive responses	Concerns
➤ Enhanced services for students ➤ Potential more course choices and shared and wider services ➤ Increase in the UK University ranking tables ➤ Raising reputation and wider influence ➤ Royal connection	➤ Government intervention, e.g. cap on student enrolments ➤ Uncertainty of its future ➤ Marketing difficulties ➤ Potential religious issues (i.e. university name: Saint David) ➤ Too wide spread of the new university

Table 4.6 highlights some of the positive responses, as well as some concerns, from the interviewees from the Supplier category of SMU in the Value Net model. Many of

these positive and negative responses are similar as the ones being raised by its students and employees (see previous subsections).

However the marketing difficulties and potential religious issues are worth mentioning here. Regarding the marketing aspect, Interviewee # 11 argues that it would be very difficult to advertise the new university, as it has no icon of a city and it is geographically so widely spread. In particular, the potential overseas students, who have never been to Wales, would have lots of enquires and concerns regarding course standards at different campuses, travelling and accommodations arrangements etc.

With respect to the potential religious issue, Interviewees # 9 and 12 explain that this is because the university name after the merger would remain as University of Wales: Trinity Saint David, which contains a strong religious message. Saint David is linked to strong Christian character and tradition in Wales. Additionally, both TUC and UoW Lampeter both had very close links with the Church of Wales in history (The Independence, 2009). This might cause some confusion and resistance for some of the potential international students from countries dominated by other religions (Interviewee # 12).

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Limitation of the research project

Before drawing conclusions, it is important to address and discuss a number of limitations, which had occurred throughout this research project.

➤ The dynamic environment

The initial intention of this research was to analyse the co-opetitive strategy and its development within Welsh HE sector, particularly to evaluate the relevance to SMU. However, soon after the start of reviewing relevant literatures, a number of Welsh HEIs, including SMU, announced their plans to merge with other universities, in response to the HE reconfiguration challenge set out by the Welsh Government and HEFCW (BBC News, 2011 [2]). The changes in the political, economic and social environments around SMU forced a modification of analysis and data collection plans.

After being agreed with the research supervisor, the research aim and objectives were required to be amended adequately to reflect these changes and therefore to focus on topics and theories related to the merger. However, some of the work which had already been completed became irrelevant and there was a need to start some fresh research in a different direction.

Saunders et al (2009) argue that carrying out research in a dynamic environment, in which the researcher has no control of external factors, would mean that the data gathered becomes outdated. This would possibly lead to inaccurate analysis and

misleading conclusions. With respect to this research, there have been dramatic and ongoing changes within the universities involved with the merger activities, which has also caused some great uncertainties and confusion in relation to the future of the Welsh HE as a whole (Evans, 2011 [1] and Evans, 2012).

This unexpected and unavoidable changing in the nature of the Welsh HE sector is the greatest challenge of this research, which has caused a considerable amount of extra time being spent on data collection and updates. There are also concerns that the primary data gathered through the interviews in earlier months may not necessarily be the most up to date perspective on the research question. As a result, the researcher contacted again a number of interviewees, via emails and telephone, for an update or for adding extra information towards their initial responses. For example, the last piece of information, regarding the rearrangement for the VCs of SMU after the merger, was added into Chapter 4 in April 2012.

➤ **Weaknesses of the adopted research methods**

This research has adopted combinations of both quantitative and qualitative methods, namely content analysis (for supplementary and secondary data collection) and semi-structured interviews (for main and primary data collection) respectively. Both methods have intrinsic weaknesses, which had been specified in Chapter 3.3.

According to Krippendorff (2008) and Neuendorf (2002), content analysis is a descriptive method based on observed resources. The quality of the analysis is hence largely dependent on the availability and validity of data. With respect to this research, the data sources are mainly university publications, websites and internal reports.

Although the researcher was given permission and access to some internal and commercial data, none of them could be externally verified due to their sensitivities.

Regarding the interviews, Collis and Hussey (2009) argue that this method allows qualitative data to be gathered by using a small number of samples. This small proportion may not be able to represent the whole population. The size and nature of the sample is a limitation. Although the participants of the interview were carefully chosen and covered all the key internal and external stakeholders of the organisation (see Chapter 3.3), the scope of 11 in-depth interviews is still a small proportion of the stakeholders.

Due to variety of individual experiences and knowledge from the interviewees, as well as the differences in understating of a given theme or condition, it is difficult to guarantee the data gathered is unbiased (Dawson, 2009). This proved to be one of the issues, which occurred during this research, especially in so far as some the interviewees were not familiar with the co-opetition theory (the conceptual framework of this research).

According to Saunders et al (2009), interviews should be based on close involvements between respondent and interviewer, with mutual communication and discussion, which would maximise efficiency and produce meaningful data. Regarding this research, as can be seen from the interviewee list (Table 3.4 in Chapter 3.3), that a number of very senior and influential people, from the relevant organisations, including SMU, Welsh Government, British Consulate General in China and Cultural and Educational Consortium Wales etc, participated in this research.

Because of the high level of powers and authorities these people have, during these interviews the researcher subconsciously agreed with many things they said without any further questions or debates. There were also fears that while these interviewees were giving their answers to the questions, that any interruption might be considered offensive. This caused the questions being asked to become too open which brought some irrelevant responses from the interviewees. Additionally, on a couple of occasions, the interviewer did not promote enough discussion elements, which limited the generation of rich data.

➤ **Early stage interviews in China involving UK diplomatic institutions**

In September 2011, this researcher had a few weeks holiday in China and was eager to conduct interviews with HE officials in the UK diplomatic institutions in China, including the British Consulate General and the Welsh Government Office. The purpose was to collect primary data from the government level on co-opetition (collaboration and completion) development and its associated importance, between British (Welsh) and Chinese HEIs.

These interviews were carried out before the completion of thorough literature reviews and the study of research methodologies. This resulted in inadequate preparation, as the researcher was only able to complete a cursory and limited overview of the relevant theories and research methods before the interviews. It is worth mentioning that this researcher has a full time job and is studying this MBA course on a part time basis. Due to work and other commitment, that holiday in China was the only opportunity to make contact with these institutions.

Furthermore, there were some other limitations from these interviews brought about by the diplomatic nature of these institutions. For example, due to the high security enforcement, mobile phones, audio recorders or any electronic devices were strictly prohibited for visitors at these institutions. The information supplied by respondents was also restricted and limited by their strict professional codes.

➤ **A multi-lingual research environment and the data interpreting challenge**

Qin et al (2008) argue that one of the biggest challenges, for research involving multi language or multi cultural environment, is the translation and interpretation issue. In dissimilar lingual and cultural contexts, the research outcome could easily become biased, as the interpretation of the data is relying solely on the individual researcher's competence and skills. Both secondary and primary data collections involved a large amount of data access in English and Chinese. It was a very challenging task for the researcher to represent and analyse all the data into English without any personal biases. The high cost and limited time allocated to this project also prohibited the translation work being verified.

➤ **The complicity of HE sector**

The HE sector is a non-profit industry. The existence of HEIs is to purely serve the public and promote HE in a charitable manner (BBC News, 2011 [3]). However, following completion of the study, the author recognises that the HE sector has very complex features from both the public and private sectors and has been heavily commercialised. For example, it was found that the VCs of many Welsh institutions are also the CEOs or directors of their organisations. Each Welsh HEI has clear commercial and marketing targets, e.g. student enrolments and research investments.

Due to the equivocal definition for the HE industry, it was evident that some concepts of strategy theories (which are driven by commercial factors) were not applicable to this sector. It was also difficult to collect relevant literatures, especially related to the co-opetition and merger developments in the HE, because of the limited resources and lack of previous research in this field.

5.2 Achievements of objectives and links with the theory

As mentioned in Chapter 1.3, the aim of this MBA research is to conduct a critical co-opetitive assessment for the corporate strategy of HEIs in Wales, with an in-depth evaluation of the relevance to SMU, in the context of its current institutional changing environment (caused by the merger). This aim is to be achieved through the following objectives.

- ***Objective 1: to conduct a critical review of the relevant literature for corporate strategies, particularly focusing on co-opetition theories (competition and collaboration) and its applications***

This study started with a critical review of literatures in relation to co-opetition, its origin and development, as well as its significance in the modern business. It also carried out a comparative study between the completion (Porter's Five Forces model) and the co-opetition (Value Net framework) theories, which analysed the "defect" of the former and the "strength" of the latter.

The applications of co-opetition were studied through a comprehensive analysis of common forms of co-opetition with real business examples (see Table 2.2 in Chapter 2.2). This analysis conducted by this author through intensive research and thorough discussions and debates with his research supervisor. It identified six most common formats of co-opetition, which include strategic alliance / consortium, franchising, licensing, outsourcing, joint venture and co-branding.

- ***Objective 2: to evaluate the development and utilisation of co-opetition between Welsh HEIs, and, the similarities and differences between co-opetition and merger & acquisition, with respect to the Welsh HE sector***

After identifying the forms of co-opetition through these intensive literature researches, it became possible to utilise these theories to evaluate the co-opetition development in the Welsh HE sector. It then discovered all Welsh HEIs had maturely applied this co-opetitive concept into their operations. Co-opetitive development and application, such as strategic alliances between Welsh HEIs, franchising partnerships with FE colleges, licensing to private schools and colleges and joint venture, were evident in the Welsh HE sector.

Research into the co-opetition theory and its relevance to HE indicates that there are close links between co-opetition and merger & acquisition, which had been both classified as growth corporate strategies (McDonald et al, 2005 and Donald, 2008). Following some discussion with the research supervisor and further extensive theoretical research, the researcher had combined competition, co-opetition and M&A theories together (Brandenburger & Nalebuff, 2002; Donald, 2008 and Bruner, 2009),

and, innovatively created a novel Venn Diagram, which exhibits the evaluation process, from rivalry, to co-opetition and to exclusive collaboration (e.g. M&A) between companies. This Venn Diagram is shown in Figure 2.7 with detailed explanation in Chapter 2.4.

The researcher was then able to conduct some comparative studies between co-opetition and M&A, in the context of Welsh HE, including critically analysing their advantages and disadvantages.

➤ ***Objective 3: to analyse the status quo, in terms of strategic development, of SMU***

The analysis of the status quo of SMU is particularly important, as it is the foundation for any future strategic plans (e.g. merger or co-opetition). This was achieved through a critical reflective SWOT analysis of the university, mainly by analysing the data collected from the interviews supported by secondary data from the content analysis.

The study has categorised a number of factors in each of the SWOT elements. Notably, the most discussed strength and weakness (internal forces) are the strong financial position and the small operational scale / limited capacity respectively.

On the other hand, for the external forces, the opportunities include further co-opetitive developments for university expansion; whereas the threats are linked with government policies (e.g. fee increase, cap on student number and government reconfiguration plan etc).

- **Objective 4: to conduct an in-depth co-opetitive assessment for SMU, to analyse the influences and implications from its current merger strategy (the most important objective)**

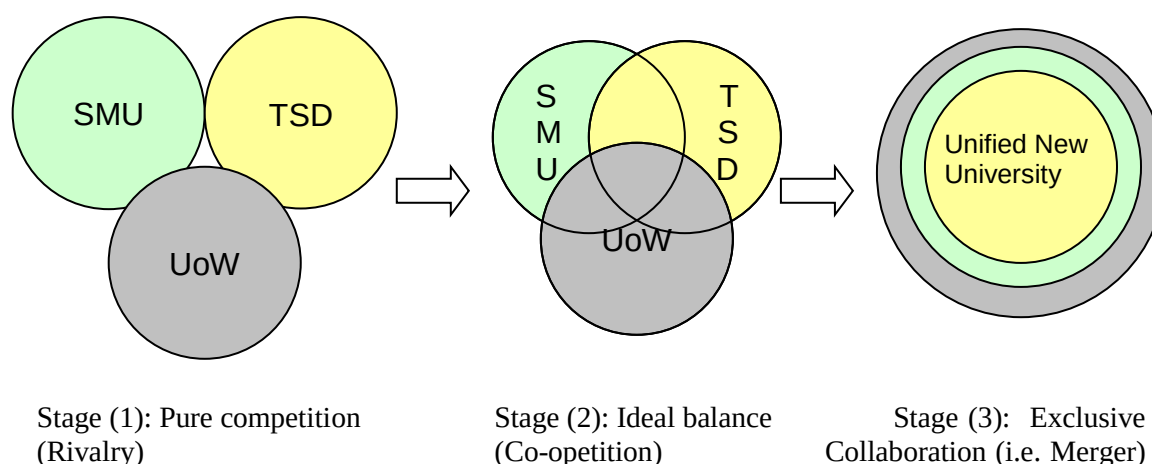


Figure 5.1* – SMU's evolution process from Rivalry to Co-opetition and to exclusive Collaboration (e.g. Merger) with its competitors

(*Figure created by the author by applying Competition, Co-opetition and M&A theories from Brandenburger & Nalebuff, 2002; Donald, 2008 and Bruner, 2009)

By applying various relevant theories, Figure 5.1 exhibits SMU's evolution process from rivalry to co-opetition and to exclusive collaboration (e.g. the merger) with its competitors, UoW and UoW TSD. The assessment of its co-opetitive relationships and merger implications was achieved by analysing rich data collected from secondary and primary research methods.

The primary data collection interviews included representatives from every group of the university's internal and external stakeholders (e.g. the institution itself, competitors, customers, complementors and suppliers). This had also been perfectly fitted into the Value Net framework by adopting the co-opetitive corporate theories, after a careful research preparation and design.

Table 5.1 – Reflecting the theories with actual findings for SMU’s merger case
(Author’s application from Nalebuff & Brandenburger, 2002; Furrer, 2010; Donald, 2008; Chanmugan et al, 2005; Gadiesh et al, 2008 and McDonald et al, 2005)

Advantages of a merger (theory)	Evident to SMU?	Disadvantages of a merger (theory)	Evident to SMU?
1. Cost reduction as a result of closing duplicated posts	Yes	1. High risks of redundancies and job cuts	Possibly
2. Access to greater resources, opportunities, expertises, marketing places and sale channels etc	Yes	2. Time consuming and huge cost involved with the M&A processes	Yes
3. Increased level of creativity and innovation	Yes	3. Legal expenses and takeover cost	Yes
4. More financial support for investigating new products/services	Yes	4. Potential devaluation of equity	Possibly
5. Lower risks for investors and potential increase share prices	50% relevant to SMU	5. Suppression and threat to other competing businesses	Yes
6. Become more efficient by taking best practices from the involving companies	Yes	6. Potential monopoly, price fixing and unfair competition	Yes
7. Enhance services with a stronger branding. This can potentially attract customers from other competitors	Yes	7. Drawbacks from the existing consumers and shareholders, caused by fears of the uncertainty of its future	Not evident
8. Improve competitiveness and bring more investment opportunities	Yes	8. Differences in culture, working style and other HR related issues causing resistance between workforces and managements	Possibly
9. Bring wider geographical diversifications and opportunities for vertical integration development for the new organisation	Yes	9. Differences and disagreement in management would lead inefficiency, power fighting and potential conflicts in the new formed organisation	Possibly
10. Create greater financial stability and security	Yes	10. Forced changes of organisation’s shape, function and production	Possibly

More specifically, Table 5.1 conducts a reflective review, which links the relevant theories with the actual findings identified and analysed in the co-opetitive assessment in Chapter 4.2. As can be seen from this table, the vast majority of actual findings match closely with the theories. It also suggests SMU's merger plan would bring significantly more advantages to the organisation exactly in line with the theories.

Despite the findings that some of the disadvantages or concerns are also evident or possible to have impact on SMU, the number of disadvantages identified is significantly lower than the number of advantages (see Table 5.1). It is therefore possible to draw the conclusion that this merger is a suitable strategy plan for the SMU, as it would bring numerous advantages as listed in Table 5.1 and sustain its future development.

- ***Objective 5: to provide recommendations for future strategic development for SMU, other Welsh HEIs and the Welsh Government (see Chapter 5.3 – Recommendations)***

5.3 Recommendations

5.3.1 Recommendations to SMU and other Welsh HEIs

➤ Expanding international co-opetitive partnerships

For Welsh HEIs, it is obvious that the international HE partnership is not only encouraged by the Government, as it raises the reputation of the whole Welsh HE sector and helps attract investment, but it is also enthusiastically welcomed and supported by other countries' HEIs and their education authorities (EASB, 2009).

SMU is planning to deliver its “franchised degrees” in a Chinese university in Shanghai. It has also developed a joint undergraduate programme with Wuhan University of Technology in South West China, which allows students from Chinese partner universities, after completing a diploma degree (or similar qualification) in China, to enter to the final year of a relevant degree course at SMU (Interviewee # 6).

SMU has already seen a sustainable increase of Chinese student enrolments as a result of these co-opetition partnerships with Chinese universities. Nevertheless, there are over 2,500 universities and HEIs in China with more than 6.2 million enrolments (Ministry of Education China, 2009). There is still a massive market in China as well as in many other Asian or developing countries.

➤ Strengthening partnerships with local employers

Studies (SWWHEP, 2010) indicate that many medium to large employers in the South West Wales region recruit some significant numbers of young people, aged 16 to 19, for the posts such as functional trainees and apprentices. Many of these companies

have the commitment to fully train these young employees, who may just have completed education to A-levels and GCSEs standard, by the means of part time FE or HE at local colleges or universities. Additionally, the Welsh Government has a specific training support scheme with a funding of £81 million for enterprises and universities which are engaged in these training and education activities for young people (Welsh Government, 2009).

These would generate great opportunities for SMU to approach to local manufacturers and businesses, to build up mutual beneficial relationships in terms of delivering occupational HE courses or trainings. This would without doubt broaden its reputation and increase its influence in the regional communities and also attract more vocational based students to the university.

➤ **Innovative products**

Investment and innovation for creating new products, which attract new customers, are important for any business (Hellmers, 2009). For HEIs, new products would mean the launch of new courses and novel research subjects. With respect to postgraduate researches, this study found that apart from the conventional research courses (e.g. MPhil and PhD), a small proportion of UK universities also offer a range of professional doctorate courses, for example, EngD (Engineering Doctorate), DBA (Doctor of Business Administration) and EdD (Educational Doctorate) etc. These courses, which are mainly on a vocational basis, are designed specifically for management level professionals in the relevant fields (British Council, 2011).

SMU and some other Welsh HEIs currently do not offer such courses. After studying the DBA course prospectuses offered by some other universities (University of Glamorgan, 2010; University of London, 2011 and City University, 2011), these professional doctorate courses appear to have elements from the taught masters courses integrated with the research element from the PhD courses. It would be possible for SMU to run similar courses by working on existing courses. For example the DBA can be created by combining some taught modules from its MBA plus an in-depth two to three year research dissertation with the same standard as a PhD.

➤ **Research development through joint venture**

Through the interviews with SMU senior academics (Interviewees # 5 and 6), the desire from the university to develop and expand its research operations was discovered. However, such development is currently limited and largely restricted by its small institutional size and the lack of advanced research facilities.

However, the existing co-opetitive partnerships SMU already built and further opportunities from its merger with UoW and UoW TSD could bring joint ventures into research development. Not only the combined expertises and financial supports from the joint venture, but also the shared facilities and resources, would create larger scope and new areas of research.

5.3.2 Recommendations to the Welsh Government and HEFCW

This research concluded that this merger is the best possible solution for SMU, in order to achieve its expansion and improvements in research operations. Notably, some considerable level of concerns and uncertainties had been created, soon after the

Welsh Government announced its reconfiguration intention involving SMU, UoW and UoW TSD in the South West Wales region. There was also lack of clarification and financial support from the Welsh Government at the initial but also critical stage of the merger process (Interviewees 5 and 6).

What is worth mentioning is that, simultaneously, in South East Wales, the Welsh Government is also despairingly urging three universities, including Cardiff Metropolitan University (formerly UWIC), UoW Newport and UoG, to merge. However, this merger case has become highly politicised and complicated. The Liberal Democrats Party led Cardiff Council had recently voted to oppose any forced merger. Additionally, the Cardiff Met management claimed that they are ready to take legal action against the Welsh Government on this issues, as well as, Cardiff Met Student Union condemned the Government's forced merger plan and criticised the Education Minister had failed to listen to their voices. The student union is also "promoting" an anti labour movement towards the May Council Election (Cardiff Met Student Union, 2012 and BBC News, 2012).

Big structural change (e.g. merger) is unpopular and often meets with massive resistance in many organisations (Albizzatti and Sias, 2004). Lots of management of change guidance, such as, transparent communication, proper preparation, involvement, trusts and respects (Chanmugan et al, 2005), would be learnt and adopted by the Government as well the university management teams, for preparing and conducting mergers. Consultations with all parties and stakeholders involved in the merger should also be carried out, with their feedbacks and concerns being recognised and dealt with.

5.3.3 Recommendations for future research

It would be worthwhile conducting a similar study in a few years time after the merger has been completed, to demonstrate whether or not the theories and predictions are relevant. As mentioned early, at this dynamic environment, it is very difficult to conclude the outcome or achievement of such merger at this stage.

For further investigations, utilisation of different research methodologies, for instance, questionnaires and focus groups etc, might also provide interesting and provide significant findings. Moreover, similar research in another industry, such as the public sector or commercial organisation, would possibly bring different results from this study in the HE sector. Also, with an increased number of HEIs for the research, involving interviews with VCs and senior staff from other Welsh or UK HEIs, it will be able to establish a more comprehensive grounding, in which research results would then become representative to cover the wider industry.

To take this research further, this researcher had decided to pursue a research doctorate course in the subject of HE co-opetition for the Welsh HEIs. Figure 5.2 shows the proposed research project the researcher is planning to do, through a professional doctorate programme, named the Doctorate of Business Administration, after completing this MBA course. The researcher had been offered a place at Cardiff Metropolitan University and had also been granted a sponsorship from Cultural and Educational Consortium Wales to undertake this research project.

This new research will be based on the plentiful findings and critical analyses from this MBA research. It is aimed to develop a framework, based on regional, national

and international HE co-opetitions, for sustained student recruitment (especially for international students) for Welsh HEIs. It is hoped this project will help promote Welsh HE in foreign countries, increase the international student numbers, generate a stable and significant financial income resource for the HE industry, as well as, bring considerable contributions to the local economies in Wales. It would also raise the Welsh HEIs' internationalisation and diversity profiles and offer students a more multi-culture experience.



**The Development of a Framework for Sustained Student
Recruitment for Welsh Universities through Co-opetition**

**Professional Doctorate Programme – Research Proposal
Doctor of Business Administration**

Yi He (Edward)

February 2012

Figure 5.2 – Doctorate research proposal in the subject of HE co-opetition

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7. APPENDICES

Appendix 1 – Primary data collection: semi-structured interview

a. Purpose of the study

The aim of this MBA research is to identify and analyse a suitable Corporate Strategy for the Higher Education Institutions in Wales. The theoretical framework of this research is established on the study of the co-opetition corporate theory, which suggests businesses should compete, but at the same time, collaborate with each other, in order to survive, grow and be sustainable in the market place.

My objective is to collect primary data, through conducting semi-structured interviews, with relevant participants, who have the expertise and substantial experiences from the Higher Education sector and/or Higher Education governing or funding bodies in Wales.

b. Confidentiality and ethics statement

- Participants make a voluntary decision about whether to take part in the study
- Confidentiality of the participants and the information/data collected from them are strictly protected. Reviewed and authorised by my supervisor.
- The information/data provided by the participants are only for the purpose of this research study
- All data collected will be analysed anonymously for Chapter 4 (Data Analysis) of this study
- Should the participants feel uncomfortable during the interview, they can cancel it

at anytime. If they decide to do so, the data collected will be destroyed and will not be used for the analysis

c. The interview procedure

- Greetings and introduction, including information of the research student, the interview purpose, style and time planning
- The confidentiality and ethics statement
- Brief explanation of the theory of this research study: co-opetition and its unitisation
- The interview stage, including questioning and data collecting
- At the end of the interview, informing the participant the interview is finished. Acknowledgment and answering any queries the participants may have

d. Interview questions list (all questions)

Note: interviewees from different categories were asked slightly different questions.

1. In a few words, would you please briefly explain your role and responsibility in this organisation?
2. Would you name some of your competitors in Wales? Which two of these do you consider as your biggest competitors and why?
3. (After explaining the importance of co-opetition), is the concept of co-opetition recognizable in the HEI sector in Wales? Can you give some examples of cooperation and competition taking place simultaneously?
4. What factors would be necessary for you to agree to cooperate? Are these determined internally or imposed from outside eg by government policy?
5. What are the objectives of the competition strategy of your institution? Possible

- impacts on rival HEIs?
6. What things would your institution never cooperate with the other HEIs in the same region or at the Wales national level? And why?
 7. What things would your institution always (or would like to) cooperate with the others? And why?
 8. What are the main strengths and weaknesses of this institution, in terms of competitiveness (list 3 examples for each factor)?
 9. What are the threats and opportunities your institution facing right now in the content of the Welsh HE industry as a whole?
 10. Would you give two to three examples of collaborations with overseas HEIs? What are the barriers and significances of developing such collaborations?
 11. From the institution's point of views, what do you think of the Welsh Government's merger plans for reducing the numbers of universities in Wales?
 12. Do you think there is an alternative option rather than merger for your institution? If yes, would you explain what it is and why do you think this would work?
 13. If the merger is to happen for your institution, what are the potential positive and negative impacts, which might have to your organisation?

Thank you for sharing your perceptions of the current situation in Welsh HEIs.

Edward Yi He

January 2012

Appendix 2 – Merger announcements concerning SMU, UoW and TSD

- SMU merger announcement, February 2012

IMPORTANT ANNOUNCEMENT

Swansea Metropolitan University (SMU) has decided to merge with the University of Wales: Trinity Saint David (UWTSD) and ultimately the University of Wales (UW) itself. The unified institution will be merged under the 1828 Royal Charter of the University of Wales: Trinity Saint David. This is a historic decision and offers the transformed University the opportunity to continue to serve higher education within a Welsh, UK and international context. It is envisaged that SMU and UWTSD will have integrated by 1 August 2012, with UW following thereafter at a date to be agreed. This exciting announcement will not affect student application or studies with us in any way. Our courses will continue to be delivered from our campuses in Swansea and we will continue to be known as Swansea Metropolitan or "Swansea Met" under the auspices of the new transformed University.

TEN KEY QUESTIONS AND ANSWERS

Q.1. Why will SMU merge with TSD and UW?

A. The new University provides increased opportunities for research, continued excellence in teaching, continued community engagement and an all encompassing education facility that will meet the evolving needs of local, national and international education.

Q.2. What will happen on August 1st 2012?

A. This is the target date for the merger. The name of the University might change and over a period of time there will be a change in some management and administrative functions etc. Students will notice little difference in the short term. Merging large organisations is not something that can be done overnight. It will be an organic rather than a sudden process of change

Q.3. Will students still receive a University of Wales (UW) award and for how long?

A. Students currently enrolled on UW courses will receive UW awards upon successful completion of their course. New students from September 2012 will also be enrolled for University of Wales awards. It is likely that new student enrolment for University of Wales: Trinity Saint David awards will not commence before September 2013.

Q.4. Will the current or past UW award retain its value?

A. A University of Wales award continues to be strictly quality assured and of high value. This will continue and be assured in the new University.

Q.5. Does the merger change the USP's & ethos of the University?

A. No. Both SMU and UWTSD have very similar philosophies and always ensure that student support and a high quality experience is at the forefront of provision.

Q.6. Will this affect the student fees? If so, how?

A. The tuition fees of SMU and UWTSD are already very similar. The merger process will see the adoption of fee structures across the whole of the new University. Fees will continue to be set at a level which is most cost effective for the university and affordable for the student.

Q.7. Will students applying to Swansea study in Swansea or be moved to Carmarthen?

A. There are no plans to change the location of teaching of courses.

Q.8. Will course entry criteria change?

A. No. The merger will not affect entry criteria for courses

Q.9. How will the merger affect the running of the International Centre?

A. New structures and responsibilities are not yet finalised but it is unlikely that there will be any significant change. In the interim please continue to use your existing contacts in SMU or UWTSD.

Q.10. How will it affect my (agent) contract and commission?

A. Naturally there will be a need to make adjustments to contracts in the future as the university title etc might change. Neither your commission payment nor any other aspect of your contract should be adversely affected by the merger.

Q.11. When do we start marketing the new University?

A. At the moment you should continue to market SMU in the normal manner. Instructions and advice on marketing the new University will emerge as the details of the merger are completed.

Q.12. What support will we get to help market the new University?

A. As is currently the case, every effort will be made to ensure that you receive the necessary support and marketing materials required.

"This is an exciting initiative which will be to the benefit of students, staff and representatives of SMU, UWTSD and UW. We very much look forward to a positive and successful future for all involved. "

Swansea Metropolitan University
February 2012

Delivering Academic Excellence Since 1853
Registered Charity No: 113800

➤ University of Wales merger announcement, July 2011

University of Wales Merger

<http://www.wales.ac.uk/en/NewsandEvents/News/General/UniversityofWalesMerger>

Posted on 13 July 2011

Recent developments in Welsh Higher Education policy have been driven by a desire for there to be fewer universities in Wales. The Welsh Government is putting policies in place to have only six or seven universities (there are currently eleven). Our merger is in response to this challenge from the Government.

On Monday, 11 July the governing bodies of the University of Wales, Swansea Metropolitan University and the University of Wales: Trinity Saint David reaffirmed their commitment to merge.

The three institutions will, over the coming months, work together to create a unified institution under the Charter of the University of Wales. With a strong student base across several campuses, the University will also offer a range of service facilities on a local, regional and national basis.

The transformed University of Wales will establish itself as one of the key institutions in Wales delivering high quality learning and research opportunities for students. The merger will see a new single governance and management structure. Professor Medwin Hughes, currently Vice-Chancellor of the University of Wales: Trinity Saint David, will become Vice-Chancellor and Chief Accounting Officer of the transformed University of Wales, while Professor Marc Clement, currently Vice-Chancellor of the University of Wales becomes President, leading the research, enterprise and innovation agenda.

The aim is to achieve the formal merger by 1 August 2012. The three institutions have agreed to unify operations at the earliest opportunity with Professor Hughes appointed Vice-Chancellor of the University of Wales and Professor Clement as President of the University of Wales with effect from 1 October 2011.

/Ends

For press and media information, please contact Shone Hughes, Head of Communications, University of Wales: shone.hughes @wales.ac.uk. 02920 375057. For general information, please visit www.wales.ac.uk

- UoW, TSD merger announcement, December 2011

Proposed merger of the University of Wales: Trinity Saint David, the University of Wales and Swansea Metropolitan University

(<http://www.trinitysaintdavid.ac.uk/en/theuniversity/proposedmerger/>)

THE FACTS

In a meeting held on Friday 21 October, it was agreed that the University of Wales: Trinity Saint David, the University of Wales and Swansea Metropolitan University would merge under our 1822 Royal Charter. The Governing Bodies of the other institutions were also in agreement.

This is an historic and important decision that will provide a strong foundation for our future and which will secure the continuation of our Royal Charter - the oldest in England and Wales outside Oxford and Cambridge.

A: How will this affect student study at Trinity Saint David?

Q: This announcement and the recent issues concerning the University of Wales will not affect student study at Trinity Saint David, which will continue to deliver courses from its Lampeter and Carmarthen campuses.

A: Why is this merger happening?

Q: The merger is part of the Welsh Government's announcement in December 2010 that it wishes to see no more than six universities in Wales by 2013. It is an exciting challenge to create a transformed University of Wales and to safeguard our institution for future generations.

As part of the merger process, Professor Medwin Hughes, Vice-Chancellor of the University of Wales Trinity Saint David has also assumed the role of Vice-Chancellor of the University of Wales as of the 1 October.

A: Is the University of Wales degree valued by employers?

Q: Yes, the University of Wales degree and the name University of Wales is recognised and valued across the world. In addition, as a student of Trinity Saint David you are provided with opportunities to develop a range of skills and attributes which are valued by employers.

Appendix 3 – Welsh HEIs financial status datasheet 2009/10

	1. Current assets: STOCK at 31 July 2010 £000s	2. Current assets: DEBTORS at 31 July 2010 £000s	3. Current assets: INVESTMENTS at 31 July 2010 £000s	4. Current assets: CASH at in hand at 31 July 2010 £000s	5. Total current assets at 31 July 2010 £000s	6. Total current assets at 31 July 2009 £000s	Liabilities: CREDITORS amounts falling due within one year at 31 July 2010 £000s	Liabilities: CREDITORS amounts falling due within one year at 31 July 2009 £000s	9. Current ratio at 31 July 2010	10. Current ratio at 31 July 2009	11. Short & long-term borrowing at 31 July 2010 £000s	12. Short & long-term borrowing at 31 July 2009 £000s	13. Short- & long-term borrowing at 31.7.10 as % total income 2009-10	14. Short- & long-term borrowing at 31.7.09 as % total income 2008-09
Table 2: HEI finances														
Aberystwyth University	2,354	18,123	15,786	1,744	38,007	30,797	12,403	8,521	3.06	3.61	0	0	0.0%	0.0%
Bangor University	83	12,331	29,580	941	42,935	35,407	32,110	26,708	1.34	1.33	16,449	15,393	13.0%	13.2%
Cardiff University	148	59,957	150,810	5,478	216,393	173,793	81,963	62,368	2.64	2.79	24,836	26,990	5.8%	6.5%
University of Wales Institute, Cardiff	183	2,801	0	21,533	24,517	25,133	13,179	10,947	1.86	2.30	30,744	22,330	38.2%	28.5%
University of Glamorgan	85	9,857	25,709	5,602	41,253	49,426	27,386	26,965	1.51	1.83	40,505	35,739	28.2%	25.7%
Glyndŵr University	1,042	3,782	4,012	3,798	12,634	14,009	9,193	10,871	1.37	1.29	0	0	0.0%	0.0%
The University of Wales, Lampeter	41	1,439	0	5,888	7,368	5,791	4,490	3,627	1.64	1.60	121	252	0.8%	1.6%
The University of Wales, Newport	57	1,740	16,822	850	19,469	19,402	9,084	9,204	2.14	2.11	33,723	16,226	70.5%	34.7%
Swansea Metropolitan University	3	1,345	0	27,224	28,572	21,487	3,048	3,030	9.37	7.09	0	0	0.0%	0.0%
Swansea University	32	12,158	0	41,677	53,867	37,951	46,375	34,712	1.16	1.09	4,879	6,230	3.1%	4.1%
Trinity University College	41	4,166	1,322	10,136	15,665	6,375	10,832	3,594	1.45	1.77	1,208	1,516	7.4%	9.8%
The University of Wales (central functions)	324	5,544	4,517	776	11,161	9,828	3,483	2,193	3.20	4.48	0	0	0.0%	0.0%
Total Wales	4,393	133,243	248,558	125,647	511,841	429,399	253,546	202,740	2.02	2.12	152,465	124,676	12.3%	10.6%

Full report: UCU (2010), *HEIs in the UK financial datasheet 2009 – 2010*, University and College Union Publication, London

Appendix 4 – Welsh HEIs income and expenditure data from 2007 to 2010

	1. Staff costs as % of total expenditure 2009/10	2. Staff costs as % of total expenditure 2008/09	3. Staff costs as % of total expenditure 2007/08	4. Operating surplus/(deficit) net of share of income in joint venture(s) 2009/10 £000s	5. Operating surplus/(deficit) net of share of income in joint venture(s) 2008/09 £000s	6. Operating surplus/(deficit) net of share of income in joint venture(s) 2007/08 £000s	7. Operating surplus/(deficit) as % of total income net of share of income in joint venture(s) 2009/10	8. Operating surplus/(deficit) as % of total income net of share of income in joint venture(s) 2008/09	9. Operating surplus/(deficit) as % of total income net of share of income in joint venture(s) 2007/08
Table 1 HEI Income and expenditure information									
Aberystwyth University	54.4%	56.0%	55.9%	-126	-2,621	46	-0.1%	-2.4%	0.0%
Bangor University	58.1%	59.0%	59.0%	4,213	1,772	4,217	3.4%	1.5%	3.9%
Cardiff University	58.2%	59.0%	59.1%	10,680	14,000	13,660	2.5%	3.4%	3.5%
University of Wales Institute, Cardiff	63.8%	63.6%	63.1%	1,406	175	976	1.7%	0.2%	1.4%
University of Glamorgan	61.0%	62.0%	61.7%	538	1,050	2,115	0.4%	0.8%	1.6%
Glyndŵr University	60.0%	56.6%	62.3%	1,166	-842	861	2.7%	-2.2%	2.5%
The University of Wales, Lampeter	60.6%	62.8%	62.0%	1,480	657	1,124	9.4%	4.1%	7.1%
The University of Wales, Newport	63.9%	62.2%	61.4%	1,464	279	592	3.1%	0.6%	1.4%
Swansea Metropolitan University	61.4%	59.7%	61.0%	5,998	3,096	3,121	16.2%	9.2%	9.9%
Swansea University	61.6%	61.7%	60.2%	7,686	2,450	1,829	4.8%	1.6%	1.3%
Trinity University College	62.5%	63.1%	61.7%	534	66	-12	3.3%	0.4%	-0.1%
The University of Wales (central functions)	36.1%	38.2%	38.3%	121	958	1,458	0.8%	8.1%	13.7%
Total Wales	59.1%	59.7%	59.6%	35,160	21,040	29,987	2.8%	1.8%	2.8%
Total England	56.4%	56.5%	57.1%	706,103	280,484	389,938	3.2%	1.3%	2.0%
Total Scotland	57.1%	57.9%	57.7%	59,616	25,096	44,727	2.1%	0.9%	1.8%
Total Northern Ireland	59.3%	57.6%	61.6%	22,018	7,368	23,543	4.2%	1.4%	5.1%
Total UK	56.6%	56.8%	57.4%	822,897	333,988	488,195	3.1%	1.3%	2.1%

Full report: UCU (2010), *HEIs in the UK financial datasheet 2009 – 2010*, University and College Union Publication, London

Appendix 5 – Welsh Government HE reconfiguration and collaboration fund commitments

Partners		Partnership	Commitment	Expenditure/forecast expenditure (£000)					
				2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Mergers and alliances			up to £000	£000	£000	£000	£000	£000	£000
Cardiff University	University of Wales College of Medicine (UWCM)	Merger (including preliminary evaluation of merger)	15,000		6,738	6,000	2,262	19	
Glyndŵr	Bangor University	Appraisal of creation of a new university for North Wales	250		125	20	105		
Glamorgan	University of Wales Institute, Cardiff (UWIC)	Appraisal of merger and other options	250		227				
Swansea University	Swansea Metropolitan University	Planning work for rationalisation of provision in nursing, law and Initial Teacher Training (ITT); and assessment of scope for collaboration in Support Services	150		125	25			
Bangor University	Coleg Menai	Collaboration in administrative services	38		19				
Swansea University	Swansea Metropolitan University	Subject rationalisation	3,770				2,287	999	204
Cardiff University	Royal Welsh College of Music and Drama (RWCMD)	Options appraisal for strategic alliance	179				135		
Swansea University	Swansea Metropolitan University and Trinity College	South West Wales HE Partnership – First Phase	70				18	53	
Glamorgan	RWCMD	Initial planning work for alliance	39					40	
Glamorgan	Merthyr Tydfil College	Integration	242					130	87
Glamorgan	RWCMD	Integration of RWCMD and Glamorgan	12,750					1,660	467
Swansea University	Swansea Metropolitan University and Trinity College	South West Wales HE Partnership – implementation phase (functional administrative collaboration)	7,486						2,322

Research and teaching partnerships								
UWIC and University of Wales Newport	Feasibility study: collaboration in ITT	30		15	15			
Aberystwyth and Bangor	Strategic analysis: collaboration in research and teaching	100		50		50		
University of Wales Lampeter and Trinity College Carmarthen	Archaeology collaboration	90			30	26	15	13
Aberystwyth and Bangor Universities	Research and Enterprise Partnership	10,949					1,233	2,543
Bangor, Cardiff and Swansea Universities	Wales Institute of Cognitive Neuroscience	5,173				14	1,256	772
Glamorgan UW Newport, Cardiff, RWCMD and Swansea Metropolitan	Skillset Screen Academy	620					606	14
Cardiff and Swansea Universities	Rationalisation of Chemistry subject provision	1,205					159	325
Swansea, Aberystwyth, Cardiff and Bangor	Wales Institute for Mathematical and Computational Sciences	5,021					679	1,382
Cardiff, Bangor, Glamorgan and Swansea Universities	Low Carbon Research Institute (LCRI) – Funding starts 2008-09	5,189						
Pan-Wales Partnerships re General Issues								
University of Wales	Development of Welsh-medium provision – fellowship and scholarship schemes	2,933			16	252	423	598
Pan-Wales bid led by Aberystwyth	Pay modernisation	2,938				1,221	1,385	332
University of Wales	Enhancement of Welsh Medium Teaching Development Centre	1,000				253	315	323
Pan-Wales, co-ordinated by Higher Education Wales	Welsh-medium provision in HE – further developments	1,310						133
Total expenditure			0	7,299	6,106	6,622	8,971	9,515
Reconfiguration and Collaboration Fund budget			5,000	6,000	8,000	12,000	12,105	14,850

Full report: Welsh Audit Office (2009), *Collaboration between Higher Education Institutions*, Welsh Audit Office, Cardiff