Chapter Three

Merger Talk in Further Education: of whales and minnows, rhetoric and reality

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Chapter Abstract
This Chapter examines the phenomenon of college merger from the point of view of 11 FE and sixth form college Principals in two English regions, all of whom had direct experience of leading mergers and merged institutions, or led colleges in close proximity and competition with them. Using metaphor to signpost critical themes and issues, the author identifies key drivers for merger, perceived benefits and drawbacks, and points to the centrality of effective and transformative leadership in steering educational organisations through hard times. The Chapter will be of interest to all who work in merged colleges as well as those planning to merge.

Context

It has become a truism that FE colleges are operating in an increasingly complex, difficult and turbulent environment. A key indicator of this is the sheer number of commentators who have characterised the sector as an 'industrial relations battlefield' (Shain and Gleeson 1999), and highlighted the prevalence of HRM strategies drawing upon the most competitive business management models (Elliott and Hall 1994; Randle and Brady 1997; Avis 1998; Leathwood 2000). These shifts reflect the policy pattern of the determined introduction of a quasi-market economy in public services in the 1980s. In the wider education arena this trend was marked by the 1988 Education Reform Act (DfES 1988), and in post-compulsory education by the 1992 Further and Higher Education Act (DfE 1992) that decoupled FE colleges from local authorities and at the same time gave colleges unprecedented autonomy, 'repositioning FE in the marketplace' (Gleeson 1996).

It would, however, be a mistake to think that a move to a managerialist control model has only taken place in colleges. Gleeson and Knights (2006: 282) are correct in seeing this turn in further education as part of neo-liberal reform in the public sector at large, that 'places organisations in a continuous state of fending off impending crises, in circumstances where professionals rather than the audit culture can be held responsible for institutional failure'. Gleeson *et al.* (2005: 454) highlight a consequence of this situation highly pertinent to our current discussion of mergers, that 'practitioners are conscious that in a climate of college mergers and reorganisations their jobs may be on the line'. The theme of institutional failure is also highlighted by Goddard-Patel and Whitehead (2001:184), in one of the few identified case studies of a college failure, who argue that 'without the very real threat of "failure", the imposition of a quasi-market economy is ineffective in driving forward the entrepreneurial culture and the driven-down accountability which defines it.'

It is the culture of failure prevalent in further education that has been responsible for eroding senior managers' self-confidence (Lumby 2002), fostering performativity (Orr 2009), and heralding the unprecedented wave of college restructuring and mergers during this last period

(Welham 2015). In this chapter, I suggest that this turmoil has significantly rebased colleges and their systems towards unstable, loosely coupled organisations, often unable or unwilling to resist market forces, and that the critical factor in determining institutional success or failure is college leaders' ability and capacity to transform their organisation in response.

Investigating entrepreneurial leadership in the public sector, Currie et al. (2008) describe how staff would 'tread warily in proposing and implementing change' and 'blocked rather than supported innovation' in a context of sector reconfiguration, noting that these tendencies were particularly exacerbated in conditions where financial crisis and subsequent merger risk represented immediate threats to jobs. We should note here that it is this removal of a public sector safety net for colleges that should lead us to speak of a market, rather than a quasi-market, operating in further education, and that mergers, and consequently the closure of some colleges, is evidence of a *real* market at work (see Smith 2007 for a discussion of markets and quasi-markets in an FE context, in which a 'funding driven attitude … dominated the management ethos of the College and its culture' p.56).

In their study of FE and the masculine / managerialist subject, Kerfoot and Whitehead (2000, 198) utilise the graphic metaphorical phrase 'Darwinian scramble for survival' to describe FE college ethos. What is interesting about this characterisation is that the Darwinian notion of the survival of the fittest clearly carries with it the idea of weaker FE colleges ceasing to exist – in effect that is what has happened through the mergers and dissolutions that have become commonplace in the sector.

Boundaries

The question of institutional boundaries, how they are made, sustained, and changed is a neglected field of study in post-compulsory education. A notable exception is Bathmaker *et al.* (2008) who, in their study of FE colleges that offer HE, draw upon Mintzberg's (1979) notion of the professional bureaucracy to explain how these institutions maintain highly structured organisational systems through the 'irresistible momentum of bureaucratisation' (Bathmaker *et al.* 2008: 130). However, they note that as markets penetrate post-compulsory education, 'operating environments are becoming more unstable, and arguably, less professional' (p.130). They introduce the idea of a 'boundary paradox' (p.135), giving the example of dual sector colleges that may find duality associated on the one hand with dependence and difficulty due to validation and/or funding reliance on an HE partner, but with permissiveness and permeability on the other, so that through HE partnerships, FE Colleges can extend the markets they work with and create progression agreements. Extending college boundaries in this way can be thought of as horizontal boundary management. Examples would be course progression agreements between colleges and universities (upward), access initiatives between colleges and schools (downward), consortium arrangements for curriculum delivery, either vocational or academic (parallel). Much of the extant literature on boundaries in post-compulsory education focuses on these kinds of horizontal boundary maintenance and management, the benefits for learners, and frequently the professional and identity concerns these relationships bring with them. On the other hand, there is a paucity of literature on vertical boundary management, where college leaders, for a variety of reasons, opt to dissolve and merge with another organisation, usually a larger and stronger college – hence our allusion to whales and minnows (actually a quotation from one of the participants in the research).

This contrast between barriers and possibilities is echoed in Withers' (1998: 55) findings from his study of FE Principals and incorporation, where 'the post-incorporation college has increased constraints and opportunities which require managers to be increasingly far-sighted and inspirational in their role of leading their colleagues through the potential difficulties'. Stoten goes further to suggest that there is 'evidence to suggest that the "institutional model" is increasingly under threat from alternative conceptions of organisational decision-making and resource allocation' (Stoten 2011: 156). These are crucial observations, and ones which we strongly endorse, since all our work in this area demonstrates the centrality of leadership capacity to successfully negotiating adverse political and material circumstances. On the other hand, it can be argued that institutions are, of their nature, resistant to environmental influence, or at least robust in response to external threats. Most studies that take this line refer to a kind of institutional glue that operates through hierarchies, bureaucracy, management systems, institutional strategy and corporate culture as a sustaining force, enabling the institution to adapt and change but, crucially, survive turbulent change forces; however few would go so far as Weber's notion of 'stahlhartes Gehouse' or an 'iron cage' of bureaucracy, rationalism, modernism, capitalism, in short the modern world sustained by a concentrated mix of technical expertise, efficiency and accountability systems (Weber 1905, 182) .

Loose coupling

These intellectual traditions have permeated educational thinking to the extent that particular orthodoxies have become routinely absorbed into contemporary discourse as taken-for-granted assumptions. However not to question the way in which organisations inter-relate and the balance of autonomy and agency on the one hand with constraint and regulation on the other, is I believe to misrepresent the complex dynamic of social, political, cultural and economic interactions in post-modern societies. As a counter-thinker who challenged the prevailing technical-rationalist closed systems approach of his time, Karl Weick (1976) stands out as an educationalist contrarian. Writing 40 years ago, he challenged the dominant paradigm that analysed organisations and their systems through the Weberian lens of dense tight linkages. Instead, Weick adopted the idea of 'loose coupling' as a sensitising device to 'tutor our judgement' (Stenhouse 1979) so that we notice and question things that had previously been taken for granted. This idea of challenging researcher assumptions remains a crucial aspect of critical theory to this day, and can help us understand different and differing orientations within a complex field. For us, the significant contribution of Weick's notion of loose coupling is that it draws attention to what he terms the 'sub-assemblies' that hold institutions together. These are predominantly grouped around the technical core of the organisation – what it is for, its scope, its personnel – and the authority of office – positions, responsibilities, rewards and sanctions. Loose coupling between these elements is held to account for unanticipated consequences, plans that go wrong, disconnect between staff and students or practitioners and managers. It is my contention that college leaders who fail to manage their boundaries well, and/or recognise that loose coupling is a highly significant variable influencing culture, ethos, and realisation of institutional values, mission, goals and strategy, create a vacuum that, in today's highly politicised and deeply competitive landscape, begs to be filled. One of the strengths of Weick's analysis is that he combines theoretical speculation with everyday observation, for example drawing attention to the human tendency to over-rationalise behaviours and activities and 'to attribute greater

meaning, predictability, and coupling among them than in fact they have' (Weick 1976, 9). The implication of this analysis is that college leaders who underestimate the power of external regulation or market forces, and overestimate the solidity of their institution with all its hierarchies and structures, lay themselves open to ambush and unanticipated consequences – set adrift in a loosely coupled and highly perilous educational marketplace. Finally, Weick directs us towards an appropriate research methodology for identifying and explaining loose coupling, viz. one that is contextually sensitive and rich in detail, exploring the lived experience of participants. He also highlights the benefit of comparative, longitudinal and case studies that can compare similar phenomena in different contexts.

In this study, the participants are an opportunity sample of 11 FE and sixth form college principals in two English regions, including one private provider that was at the time of the research embedded in a community college. Many of the Principals had direct experience of leading mergers and merged institutions, or led colleges in close proximity and competition with them. The Principals were interviewed during the summer of 2013, a period that had seen a sharp acceleration in college mergers both locally and nationally. The focus of the wider study which has prompted this chapter is specifically upon leadership, signalling a break with much of the research literature studying change in the post-compulsory education sector post-incorporation, which has concentrated on management rather than leadership. As Iszatt-White et al (2011) have noted, although 'Over recent decades, the study of leadership has produced a swathe of theories, models and prescriptions for would-be leaders….There is little leadership wisdom, either original or adaptive, aimed at the post-compulsory learning and skills sector, however (p1). I believe there are a number of reasons for this. Most of the literature on how colleges are run has identified what is frequently termed 'new managerialism' that is characterised in overwhelmingly negative terms, associated with strict financial management, efficient use of resources, extensive use of quantitative performance indicators, development of consumerism and the discipline of the market, accountability and the assertion of 'the manager's right to manage' (Randle and Brady 1997, 230).

Second, with some exceptions including the work of the Centre for Excellence in Leadership at Lancaster (see for example Jameson and Andrews 2008), and Jameson's earlier work with FE Principals (2006a), there has been relatively little written about good leadership in post-compulsory education, a paucity of ethnography and case studies of well-led institutions, and a legacy of educational leadership work that is of questionable veracity that overly emphasises personal aptitudes and styles rather than leadership in situated educational contexts, or in any sense transformational.

Third, much of the literature in this area locates FE management shifts within the wider context of public sector management, even though since 1992 further education colleges have been incorporated institutions, outwith local authority control – albeit still dependent upon government contracts for their principal funding source (Currie et al. 2008; Gleeson and Knights 2006).

Fourth, there has been an enduring dualism, both in the literature and in practice, between managerialism and professionalism, signifying a conceptual separation between tutors, lecturers and other practitioners on the one hand, and those in senior positions, seldom conceived as practitioners, on the other, resulting in an unfortunate and often unquestioned taken-for-granted cultural landscape of further education in which two tribes go to war, in other words, a simplistic dualism between managers and the managed.

Having laid these theoretical foundations, we can now explore how a group of FE Principals imagine and experience organisational maintenance, change, transformation and, ultimately, survival. These are big questions, since institutional condition, readiness and direction has a huge impact upon the human condition in those organisations, and one of the principal skills of those who lead is to manage transformation in ways that do not fracture and disrupt educational outcomes (Elliott 2013).

Metaphors

It has been correctly deduced that metaphors in use are an invaluable way of uncovering ethos,culture (Semino 2008) and hidden assumptions (Jameson 2006b), and we felt that a study of those in use by our sample of Principals (referred to below as P1, P2 etc.) was likely to be especially illuminating in the highly charged political environment of contemporary post-compulsory education. They frequently made use of metaphors to characterise the economic and policy environment they found themselves in. In particular, we were interested in how metaphorical language might direct us to the questions of the day in their thinking about the possibility of merger. We surmised that this in turn might direct us to critical themes for our analysis of the reality and rhetoric of merger in current post-compulsory education.

The most significant metaphor in place throughout the interview data in our study is that of the market in education. This manifested itself overwhelmingly as both positive and negative in the mind of most Principals. For example, a negative consequence is the unnecessary duplication of the curriculum offer. A positive consequence is the capacity to compete and grow the college business, sometimes through merger, of course.

Formerly in England, FE colleges were governed and macro-managed by the local education authority in which they happened to be situated. A process of curriculum planning, for what was at the time known as advanced and non-advanced further education, was overseen by the authority officer responsible for the sector, involving the Principals and senior teams of the colleges concerned. Following incorporation of the sector in 1992 these processes were abandoned and colleges were left to position themselves in an increasingly competitive educational marketplace (Elliott and Crossley 1994).

The most frequent metaphorical allusion our sample of Principals made was that of fighting and conflict and survival. P 1 speaks of 'the sixth form colleges … have fought off two or three merger proposals', and maintains that the college has 'been able to very much survive because of our quality and popularity'. P 2 speaks of having to 'weather the financial storm and come out the other end stronger'. P 3, talking about the local context, tries to understand 'the relationship of the whale to the minnow' and suggests that sometimes 'being eaten is a good thing you know, maybe'. P3 presents a rationale for seeking partnerships as 'obviating a threat', and characterises the growth of multi academy trusts and teaching schools as 'a Jurassic Park with a lot of big beasts developing'. P7 uses a similar idea: 'colleges either get themselves into trouble from a financial perspective or from an OFSTED/quality perspective, then other colleges will be predatory and take them over'.

All the Principals used the notion of stakeholders to describe different groups affected by

their college including students, employers and the community. In talking about mergers, their language frequently draws upon an economic lexicon, including words and phrases such as 'diseconomies of scale' (P4), 'funding driven' (P6), 'financial failure' (P8), 'financial storm (P1), 'increasing their profitability' (P7), financial mess (P2), invest in the right people' (P4), 'driven by funding (P10), 'adjust your base as any other business would do' (P11). Often, the language used to describe the consequences of merger revolves around power and control: 'The drawbacks are that you lose focus, you lose identity, you lose control' (P10). Often, Principals talked in terms of processes and change being driven: 'to drive that skills agenda' (P2); 'driving the future shape of educational pathways' (P4); 'we are financially driven' (P5); strategic options review is 'partly driven by funding being decreased year on year'. In the next sections we explore in more detail some of the themes underlying the range of market oriented metaphors that emerge in the interviews

Sustainability

Institutional size and finance – often expressed in terms of sustainability - are a continually recurring theme for the college leaders in our sample. The first Principal we spoke to alerted us to how prevalent this concern was: 'you will hear this from some of the other FE people you speak to that there is a critical size of budget for an FE College, certainly' (P1). Some of the institutions led by our sample were small general further education colleges, which one Principal judged 'in terms of long term sustainability, you know, I don't think it can remain as a standalone institution' (P6). Sometimes the argument to grow through merger was expressed in terms of economies of scale: 'some of the facilities are quite expensive so for them the economies of scale and efficient use of resources are a big incentive plus obviously all the cross college cost centres such as HR, finance and so on can be centralised for them, it's a big issue' (P2). This Principal actually put a figure on the minimum turnover believed required to survive the new funding arrangements for FE: 'colleges with a turnover of less than £30M are looking to work together to create something bigger than that because they believe there will be a chance of coping better with the circumstances we are in' (P2). Sometimes, though very much in the minority of cases, financial savings were associated with an improved educational offer. P10 was in no doubt that 'merger is being driven by funding because I think in FE funding per student has been going down, certainly for institutions like us which have quite a high level of funding because we do very full programmes and they're expensive programmes because you've got workshops and things like that'. Aware that merging in order to strengthen a college's financial position can appear to be a negative motivation, P5 urges caution in interpreting what some college leaders say about merger: 'people are very quick to say, oh it's all about developing services and strategic alliances and reaching communities, but I don't really believe a lot of the rhetoric around that, I think it's predominantly financial'. Hence the allusion in our title to rhetoric and reality. Another Principal also urged caution in interpreting other Principals' motives in partnerships: 'their real objective isn't to work in partnership, their real objective is to try and see if they can engineer a situation where they can take that college over, that's all it would be' (P7).

Quality

Quality, within a highly regulated standards system such as OFSTED, is of course very

closely linked to finance and funding, since poor inspection outcomes are inevitably sooner or later associated with reduced funding. This Principal argued that it is predominantly failure in one of these areas that brought about college mergers: 'I think too many mergers have been done where, there's been an element of failure, or financial, so it'll be quality failure or financial failure and I can think of very few instances of two colleges coming together for real strategic reasons' (P8). For another Principal, merger creates a danger of deflection from the college's mission and purpose, not least the quality of its offering: 'there are plenty of colleges that seem to have merged and grown enormously and then lost the focus on what colleges are there to do which is teach, teach young people and so that they can succeed in their studies and there's, so much energy goes into all the corporate, the changes to the corporate services that they can lose out on quality and there's some very good, if you know anything about FE, there is some very good examples of disastrous OFSTED results in very large colleges where there has been a lot of merger activity' (P5). Finance and quality are similarly conflated in this Principal's mind: what you've got is a lot of colleges being in financial difficulty, sometimes in quality difficulty, and the two are not always unrelated, who are saying this can't go on, help, how do we get out of this mess?' (P2). Similarly, another Principal observes: 'The other motive which has been behind at least one merger of two sixth form colleges has been quality issues where financially the college which was significantly underperforming was financially reasonably stable but it was management and quality that were the issues there and the best way for that college to improve was to merge with a much much stronger, reasonable local college' (P1).

Community

By community we mean the local community served by the college. As noted above, we were alerted by some Principals to a tendency for their colleagues to ascribe higher motives than the business considerations that appear to be driving merger. It is likely that the current requirement for colleges that wish to merge to carry out a local consultation process also prompts foregrounding of local concerns. However, it was not possible for this study to test how genuine expressions of community interest were. What is clear though is that the subject was frequently raised by our sample, with almost every Principal identifying community interest as a core concern in considering the future strategic direction of the college. For these two Principals, the interest of learners should be predominant: 'For me the motive (for merger) ought to be improving quality and improving the opportunities for students' (P1). P2 concurs: 'the primary issue always has to be to look at what the organisation is for, and how you can fulfil that … it should always be driven by improving what's available for the people to learn irrespective of anything else'. Another Principal emphasised the importance of locality: 'Our focus is about providing a very strong local presence' (P4) whilst another inserts an historical dimension: 'the danger (of merger) is the bigger colleges then stop serving the community, you know, in the holistic way that it did in the past' (P5). A number of Principals alluded to the disruption that mergers often bring about: 'it's a lot harder than people think to bring, you know, bring two different organisations together and there can be a lot of sort of dislocation that comes about through that and I suppose people perhaps spend too much time focusing on the mechanics of the merger and perhaps take their eyes off the ball in terms of, you know, the real objectives of the organisation' (P9). Another Principal concurs: 'mergers are very disruptive, you know, they really turn the place upside down, so you've got to have a really good reason for doing it' (P10). Disruption also applies to the curriculum offer: 'the downside would be that as a result of merger that services are taken

away, the provision is stripped or placed elsewhere' (P6). One Principal expressed the strongest opposition to merger of all our sample: 'I don't see any short-term, medium term benefits actually. I think they are immensely destabilising for an organisation. Colleges are basically local organisations. And now if there's no purpose to that organisation then you need to address that and rationalise the organisation. If there is, then get on with it and do it really. Merging is probably avoiding the core issues. If an organisation, isn't financially, educationally viable when…how can someone else change that?' (P11).

Policy

All of the Principals in the sample referred at some point to education as a market, suggesting that colleges are now more subject to market forces, which had, for them, both positive and negative elements. For this Principal, there will be casualties created by the new more flexible arrangements that lower barriers to merger: 'So, this government believes in market forces, so we are moving into a market forces world in education of this type and there will be blood, you know, there will be, because there are organisations with the aspiration to do it, who either won't make it or they'll make it' (P3). Another Principal fully embraced the freedoms and potential for joint working and collaboration that he identified as associated with a market in education '… a federated model, I could see that being interesting in terms of an umbrella for shared services for HE/FE/UTC's other academies, could come under that umbrella and I think there are, to get efficiencies and economy, yes' (P4). Similarly, another Principal welcomed the new policy context in which the former power of government agencies and quangos is reduced: 'what happens is that the college, that the new scheme, the new system is that the governing board of the college will look for appropriate partners, so there is no, in days gone by some governing agency used to broker and point score and interfere and now it's really the colleges strike up their own relationships themselves, so there are other opportunities' (P5). Another Principal suggested that where government had influence its policy is confused: 'In five years, a hundred colleges have gone, and I don't know any of them have been closed down so therefore they have been merged …. But this is where the policy and strategy is contradictory because on the one hand government will say colleges are too big and then, that's not what they want, but on the other hand they're quite happy for colleges to be taken over or merged when there's an issue' (P7). Another Principal could identify no policy direction at any level influencing college mergers: 'We're talking national policies and things really, I don't think there's any cunning educational plan, because, to be honest, I think what we're seeing is the lack of any sort of regional or local educational plan' (P10). For another Principal, worth quoting at length, the policy direction has led to a somewhat chaotic FE landscape:

So I think that there is a massive political imperative and push towards colleges to use their flexibilities and freedoms and models have been suggested, but some of these models mean losing sovereignty and losing your franchise…. Yes I think, well, locally, I suppose locally and nationally, we are going through pretty horrendous funding cuts which we are having to look at, but also the freedoms and flexibilities, what concerns me is that the landscape could become very cluttered and confused because it seems to me that academies, UTC's, free schools, can set up almost at the drop of a hat and I think it's sort of like, slight government rhetoric gone a little bit? mad, because it's unplanned and I think we might find ourselves in 5 years' time looking back thinking how on earth did we allow that to happen? (P8).

Control

Our final category earns its place by virtue of the number of times that Principals' ambition and desire for control is raised by our sample. Few were open enough to ascribe this motive for merger to themselves but many identified the trait in their peers; as one Principal puts it: 'I, there are lots of reasons why people have come together in different forms across the sector. Some I think are sensible and I can see why it makes a lot of sense and it adds a lot of value to the locality, others I suspect are more …, less philanthropic and more about self-interest and making money. And that's not always necessarily…., I think is …always leading to the best use of public money' (P4). In another Principal's comments we can infer an acquisitive style of leadership: 'There's some aggressive organisations around who are quite …, who have a strategic point in life to merge and acquire other organisations which just jolts behaviour' (P11). Another Principal talked more directly in terms of 'people's personal ambition, I think has something to do …, the view of the …, I mean the Principal is very powerful in the view of the board, but the view of the Principal and the senior staff, particularly the Principal about what …, about what he or she wants to achieve, and I think there is a personal, erm, people have different views about what might or might not succeed, so that, I think the personal thing is, and the personal ambition, whatever that, whether that's right or wrong, or neither' (P5). Another Principal, worth quoting at length, was openly frank:

'The drawbacks (of being merged) are the obvious ones, all the reasons why you wouldn't do it. They are loss of local control, loss of local decision making, the risk that you don't any longer control your own purse strings and it's all of those things around control. This is a conversation which we've had endlessly over the last few months. We could talk all day about that. We have an organisation that we believe we are developing in that way that we've always wanted it to develop and sometimes we get it right and sometimes we get it wrong. This college is what I and my team have created it to be and therefore the prospect of going to another organisation and saying actually we will become part of you, there's all that drawback that you risk losing all of that, you risk losing the say so' (P2).

Conclusion

A question frequently posed in the literature (see for example Abramson *et al*. 1996; Colley *et al*. 2014; Macbeth *et al*. 1995) is: collaborate or compete? The tension is well expressed by two of the Principals in our sample:
"There is no way in terms of where you are looking at your mission and values and your strategic objectives and then you look at what's happening in the funding landscape, you are not going to achieve that by maintaining your historical shape, it's impossible. Therefore, the key reasons why people have looked at it now and are looking at it now is that they are being forced to look at it. I mean I think that's a shame because I think the arguments I have put to you about why there should be, say in the (Place name) context it was a suboptimal structure in terms of too many small organisations, that applied before the financial pressures, but for other reasons people, when they are not forced to look at things, tend to just stick to the status quo, often because it does require a strategic vision and a drive that says you can be better together and you can move in terms of ambition, but you've always got the problems, be it individual Principals' self-interest, governors and local community narrow self-interest, rather than bigger picture, that's fact. That's a fact, I've worked in six / seven regions and

it's the same everywhere. It's not just something you'd find in (Place name). The reality is, the answer to the question is simple, why there is more activity at the moment is because people who should have and could have looked to work collaboratively in the past didn't because they didn't have to. Now they are having to and in particular a lot of smaller and small / medium sized colleges are having to look at it as a way of surviving" (P4).

"I think the difficulty is that one ends up looking at all of these things as things which are competing with each other for the same people and I think if there is a way of looking at it that says we are actually all in the same business of creating skilled people to do those things that need to be done then that's got to be a more positive way of looking at it, but that's a bit pie in the sky sometimes, that's the situation with, that's why I suppose the FE sector swings from collaboration to competition every few years and I think when there is plenty of money about you collaborate in a friendly way, when there's no money about you either compete hell for leather or you collaborate in the sense that you say, ok if you can't beat them, join them" (P2).

There is a strong sense in these extracts, and throughout the conversations we had with Principals, that merger distorts the educational process to the extent that collaboration and cooperation are fundamental to good educational thinking and practice. This view is stated very explicitly by this Principal: 'the whole point of merging is the rationalisation process. So it must drip out cost. It must drip out core activities and either outsource them or use other approaches. So general uncertainty, lack of focus as a corporate body as a sort of separate entity and basically a great danger of lack of engagement with local people, schools, partners et cetera because it's more, more distant and that local knowledge is quite powerful. I'm not a proponent of that' (P11). This image that merger 'drips out' core activities is a powerful one and echoes other metaphors employed, as we have seen above, to depict a sector that is imbued with predatory behaviour and threat. Our Principals viewed merger as a clear consequence of the introduction of a real market in further education, and as a vivid expression of business interests prevailing to the cost of educational ones, insofar as learners' interests appeared to many to be put in danger by the loss of community locus and responsiveness. All this illustrates well how loosely coupled organisations in the further education sector have become, as many of our Principals feared, losing sight of mission and educational values in the search for financial stability or expansion through merger. There is a real sense in which many of these leaders felt highly constrained by the political and funding environment of FE, to the point where merger may have seemed almost inevitable. We believe this lends support to the assertion by McTavish (2006) that in part due to the local nature of FE there is a 'strategic capacity gap' within the sector (p.425).

Our thinking about institutional boundaries, and the idea of loosely coupled systems, has alerted us to the critical importance of effective leadership in steering educational organisations through hard times. In particular, we need to go on to explore how leaders can bring about transformation in their colleges without dissolution. There is no sign that merger activity is slowing in the FE sector, quite the reverse. The model of large college groups being established with an annual turnover approaching £50 million seems likely to become more common. From the evidence of this study, commercial success in a marketised FE landscape can carry a high cost of reduced community engagement, fewer educational opportunities, and severing of formerly collaborative partnership arrangements. In so far as these elements have for many years framed the core business of FE colleges, and unless college Principals can lead effectively and transformatively, we fear for the future of the

sector as an engine of widening participation and educational opportunity.

Acknowledgement

End note

Since the completion of this study, three of the colleges led by Principals in the sample group have merged, and a fourth is carrying out a government Department of Business, Innovation and Skills (BIS) Strategic Options Review.

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