

MARKKU TEMMES AND TURO VIRTANEN

## UNIVERSITY REFORMS AS A REFLECTION OF ADMINISTRATIVE REFORMS IN FINLAND: A MARATHON TO THE EDGE OF GIANT LEAP?

*In most cases European universities have been created as part of public sector. Their reforms and developments reflect the reforms and developments of the public sector in each country. Taking Finland as a case in focus, we will show how administrative reform policies are reflected in the changes of the governance of universities. Administrative reform policies of the 1990s are described, first, as general trends, second, as changing structures and practices in the development of Finnish university governance. The objectives set by the government in the mid 1980s to reform universities have been mostly achieved. They reflect the policies of performance-oriented budgeting, independence and flexibility in resource allocation, performance accounting, and efficiency. The strategic reallocation of existing resources and inertia in completing studies continue to be problems. The gradual changes have now amounted to a phase where a more radical reform of universities' institutional and legal status is being designed and implemented.*

### INTRODUCTION

Universities can blossom only, if they have autonomy in the crucial questions of what is good research and what is good education. These questions cannot be answered on political and administrative level, but these levels are responsible for the creation and maintenance of the legal, institutional and financial infrastructures, where these questions can be posed and replied without threat and with ensuing consequences important for human culture and welfare. As these infrastructures have been created, especially in Europe, as part of public sector, their reforms and developments at least reflect the reforms and developments of public sector in each country. Due to the principles of academic freedom and institutional autonomy, national policies of higher education are, to a great extent, policies of improving the institutional network and operative performance of the system of higher education. The long term connections of higher education reform policies to administrative reform policies are often neglected in the analysis higher education. We will show, taking Finland as a case in focus, how administrative reform policies are reflected in the changes of the governance of universities. Administrative reform policies of the 1990s are described, first, as general trends, second, as changing structures and practices in the development of Finnish university governance. The gradual changes have now amounted to a phase where a more radical reform of universities' institutional status is being designed and implemented.

Finnish experiences of the needs to reform universities are in line with the European guidelines. The European Commission has paid attention to the problems of the role of universities in the Europe of knowledge, their contribution to the

Lisbon strategy, and need of modernization [Communication from the European Commission 2003, 2005, 2006, and 2007]. The analysis of Finnish experiences shows how state-run universities can be reformed in the long run to meet better the challenges of national development and global knowledge economy. We will start with a brief introduction to the administrative reform policies relevant for the reforms of university governance and continue with the analysis of the reforms carried out or being designed within the university system. As the earlier phases of Finnish university reforms have already been analyzed [Hölttä 1988; Hölttä- Rekilä 2003], we will pay more attention to recent developments since the 1990s.

### **STARTING ADMINISTRATION, STARTING UNIVERSITY**

As both public administration and universities are core institutions of Western societies, they share a common national history. Although Finland has been a sovereign state only since 1917, both the history of Finnish administration and Finnish university institution are longer. We can go back to 1809, when Finland was unified with the Russian Empire as an autonomous Grand Duchy. The Swedish era, however, which began already in the Middle Ages, had a remarkable impact on the Finnish administrative culture. As the Swedish regime was centralized, we can hardly speak of a Finnish administration at that time. There were, however, some institutional developments which have been important to Finland.

The foundation of Finland's first university in Turku in 1640 can be considered as a major achievement. The university moved to Helsinki in the early years of the country's autonomy, in 1828. The Swedish administrative traditions of legal state have had a great impact on the Finnish administrative institutions regarding civil service models and judicial development. They have had their reflections also in the traditions of university governance. During the era of autonomy as part of Russia in 1809-1917, Finland developed her own, relatively strong administrative traditions emphasizing the role of central administration and influential civil service [Modén 1994]. As the University of Helsinki employed the major experts of legal governance during the autonomy, the interaction of Finnish administration and university administration were close.

### **TRENDS OF ADMINISTRATIVE REFORM POLICIES SINCE THE 1990s**

In the 1940s and 1950s, the main focus of administrative reform was on rationalization and saving measures, but step by step the focus moved to managerial and structural development of public administration. During the active development era of the welfare state, around 1966-1987, the main focus was at first on budgetary, planning, management and steering systems of public administration. Decentralization and devolution were also remarkable targets of reforms in the 1960s to 1980s.

An essential change for the planning and implementation of the administrative reform policies has been the growing role of the Ministry of the Interior. Its responsibility has been the development of regional and local administration, especially

relationships between the State and municipalities. The background to this development has been to the growing role of municipalities in the production of public services of the welfare state. Consequently, state-municipality relationships and municipal self-government have got a stronger role in administrative development. Given the strengthening role of municipalities and their provincial organizations, major towns have played a major role in supporting the foundation of new universities and their regional co-operation. Municipalities are also major players in running polytechnics. As our focus is on universities that are state-run institutions, we do not touch on the reform policies of municipalities.

The financial - and partly political - crisis of the welfare state and the arrangements of recovery directed the administrative reforms of the 1990s to follow the New Public Management (NPM) doctrine. The NPM doctrine was created in the UK, during the regime of Margaret Thatcher. In the beginning, it was clearly a political and ideological movement of the Conservative Party ("rolling back the State"), but was seen, later on, as a part of larger movement of new liberalism. In the 1980s and 1990s, the NPM became more and more a professional tool bag of administrative reform that has been used in most of the developed Western democracies to solve the problems of the welfare state and growing bureaucracy. Neo-Weberian State model describes well the targets of the Finnish administrative reform policy in the 1990s and its deviation from the pure NPM doctrine [Pollitt-Bouckaert 2004: 99-101].

Finland has been an active user of NPM tools [Temmes 1998; Pollitt et al. 1997a and 1997b]. The NPM doctrine, with privatizing and market mechanisms and service-orientation, dominated the work and goals of the administrative reform units of Finnish state administration during the 1990s. But looking at the development activities in the whole administration, also those of the municipal administration, gives a somewhat different picture. Service-orientation and decentralization has been more important in municipal administration, as they have carried out the reforms in major public services within healthcare and primary and secondary education.

The main administrative reforms were three [Temmes-Kiviniemi 1997]. Firstly, the public enterprise and company models were adopted to modernize activities which clearly had a market (e.g., postal and telecommunication, rail traffic, road building, IT, personnel training). A new law of public enterprises was enacted by the Parliament in 1988. Secondly, the state-municipality relationship was reorganized on the basis of indirect steering instead of direct and detailed steering. A new system of state subsidies to municipalities, based on lump sums, was adopted in two stages in 1991 and 1993. Thirdly, the national system of steering and public management was reformed to follow the principles of management by results with the core of performance-oriented budgeting. This reform was implemented step by step during 1991-1995. As a part of this reform, framework budgeting with expenditure ceilings for every ministry was accomplished. The adoption of management by results system has resulted in significant decentralization of economic authority to state agencies and regional and local administrations. Under the umbrella of these main reforms, there were plenty of sub-reforms in the steering system, personnel policies, and in the organizational structures of the administrative machinery.

Clearly, the 1990s was a turning point in how administrative reforms were planned and implemented. In the NPM culture, the ministerial sectors, individual agencies, and regional and local units gained more autonomous power and responsibility to plan and implement administrative reforms. Before the NPM culture, the dominant model of arranging the preparation of administrative reforms was a governmental ad hoc committee. Today, the contribution of the centralized administrative reform units has been changing toward a more consultative role, a catalyst, using mostly information as a steering tool. In this way, the management by results has largely decentralized the responsibilities of administrative development. The same kind of decentralization development can be found in the municipal government.

During the 1990s, the Finnish administrative reform activities formed a program that, eventually, developed relatively solid internally. The program was evaluated, domestically and internationally, at the end of the 1990s. The results of the evaluation showed remarkable changes in the structures, steering systems, human resource policies and administrative culture of Finnish administration, which has also become more managerial [Pollitt et al. 1997a and 1997b; Temmes-Kiviniemi 1997].

In the Finnish administrative culture, the role of top civil servants has been important. This has also had an impact on administrative reform policies. The ideas and active support for the administrative reforms have usually come first from the civil service. The qualitative level of public management has improved during recent decades by the adoption of various managerial skills originating from the application of the NPM doctrine. The traditional 'lawyer monopoly', typical of the administrative development expertise before the 1990s, has lost its dominant position. However, still today, you may find tensions between the administrative lawyers and the administrative reform experts.

As Finland and Sweden have a common history of several hundred years, Finland followed, in a sense naturally, the path of applying Nordic models in her administrative reform policies. This resulted in broad areas of cooperation between Swedish and Finnish administrations. In the 1990s, the Nordic modeling was substituted by a wider array of models developed in the OECD countries. A new culture of utilizing the experiences of other countries emerged, where the best models of the most developed countries, comparable to features of Finnish society, were analyzed. The models derived from other Nordic countries and Austria, some from Anglo-Saxon countries like Canada, Australia and New Zealand, the Netherlands, and the UK.

Direct modeling from one country to another country is, of course, impossible and may even be professionally dangerous. There is always a need for solutions developed by national administrative experts. The international models provide important background information for national solutions. International networking between countries and within the international organizations has become a remarkable part of strategies in the Finnish administrative development.

The continuity and stability of administrative reform activities have been exceptionally good in Finland because of a long tradition of broad consensus among the political elite, between political parties, and among top civil servants. Consensual policymaking was typical during the active construction phase of the welfare state,



enduring also quite well through the welfare state crisis in the 1990s. In post NPM governance, e-governance and productivity development have been in focus. For further improvement, a group of internationally established experts proposed to develop better policy analysis skills and coordination between the ministries and in the preparative work of the government [Bouckaert-Ormond-Peters 2000].

The role of the Ministry of Finance has been traditionally important in the development of the national administrative policies. The role has been built on the idea of an efficient and economic administration controlled by the Ministry of Finance as the guardian of state finances and expenditures, economic policies and other economically relevant activities. One of the recent challenges has been developing a better integration between management by result steering and administrative accounting system, required by the now more decentralized administration. One of the tools to develop modern steering and controlling activities in the state administration has been the foundation of controller institution to the Ministry of Finance. The ministry has also been active in developing modern evaluation activities in public economy. In 2006 the Ministry of Finance became responsible also for the development of local and regional administration when these tasks were transferred from the Ministry of Interior to the Ministry of Finance.

The Finnish model of civil service is quite open. There is no career system in which a restricted group of civil servants should be in a special position in the recruitment of top civil servants. The model has proven to be useful in adopting new managerial practices in governmental organizations. The academic qualification expected for the positions of leading civil servants and experts is a Master's degree. Because of this requirement, the professional qualifications of the Finnish civil service are quite high. The role of the universities in the education of the civil service has been traditionally remarkable. In the faculties of law and social sciences, high proportions of students end up in the civil service after graduation. In this way, universities have direct responsibilities for the education of the civil service. The reformed public administration has posed new challenges to university education, since managerial abilities and leadership skills have become more important by the development of more managerial administrative culture.

The attitudes of the political elite and top civil servants toward the administrative reform policy of the Government were quite positive in the 1990s. During recent years, however, the political debate has been more critical and fear about the future of welfare state seems to be growing among politicians as well as among some experts within the sectors of education and social and health care.

To conclude, some summary points should be added to what has been said above:

- The administrative tradition of the Finnish administration is historically quite long and stable, consisting of Nordic and European experiences. The trajectories from the administration of the autonomous Grand Duchy to the administration of today have went through a cumulative development process.
- Administrative reform policies were centralized until the 1990s. At the beginning of the 1990s, the NPM doctrine was adopted in the Finnish administrative reform activities. This meant more active international networking and benchmarking in the planning and implementation of administrative reforms. The

internal division of labour between the centralized reform units and the administrative machinery changed toward a more decentralized model.

- The reform policies of the 1990s have created a type of post-NPM governance on the level of the whole society. The characteristics of this development includes more open and more active economic development, more flexible organizing, and more co-operative relationships between private and public sectors. In the public sector, these trends emphasize deregulation, result orientation, customer and service orientation, evaluation and quality assurance systems, and new personnel policies.
- The role of the EU is still unclear, but it is obvious that European co-operation, step by step, will have a greater impact in development of the administration of the member countries. That is why the importance of cooperation between European countries in administrative issues will certainly increase in the future.

#### **GENERAL ADMINISTRATIVE REFORMS AS A BACKGROUND FOR UNIVERSITY REFORMS**

In general terms, the administrative reform policies and reforms related to the governance of university system and universities as individual organizations have developed hand in hand, since universities have been part of state government. Formally, the university is a state agency with essentially all the bureaucratic restrictions related to the use of resources, especially in terms of personnel, money, and properties (buildings etc.). On the other hand, the university has autonomy in its internal administration closely related to academic freedom of research, education and studying. This has meant that all reform policies are not easily adjustable to universities. In principle, there is no point to impose universal reforms that do not help universities to accomplish their mission, if the mission, as such, is not questioned.

In the 1990s, the administrative development of the universities has been, to some extent, different from the general development in state government. The universities have not been willing to follow all guidelines of reform policies. The management by results with performance budgeting has been mostly welcomed, as it has given more space to the management of university functions. Heavy criticism has been presented about the transfer of the possession of university properties to an unincorporated State enterprise responsible for the properties acquired for permanent government use. This has resulted in high rent expenses. Together with the status of traditional institutional autonomy and decentralized powers related to performance budgeting, universities have been able to overlook some reform policies that they have considered inappropriate. Performance-related pay is a good example. Due to institutional autonomy, the Ministry of Education has been quite careful in directing the development activities within the universities. On the other hand, more independent universities have had difficulties to plan and implement administrative reforms, because the management system does not support straight-forward top-down reform policies.

The transition to management by results with ensuing decentralization of resource management is the most important single reform. It has had a multitude of consequences. The combination of framework budgeting, performance-oriented budgeting, performance contracts with the Ministry of Education, decentralization of personnel and ICT policies, and new systems of hiring and maintaining university properties form the major part of the most effective reforms. These main themes have included several sub-themes which are also important in the university administration; such as managerial development of decision making in the universities, performance related pay systems, quality assurance systems, new procurement systems, and performance accounting. The reforms of state-municipality relationship have had only indirect impact on the universities. The increasing decentralization has created for universities more opportunities for regional operations and interaction with local stakeholders. Privatization and more flexible forms of company type organizations have played a minor role, but they have been utilized in the production of administrative and support services as well as in further education. But there is more to come.

#### **THE CURRENT REFORM POLICIES OF FINNISH UNIVERSITY SYSTEM**

While Finnish universities have been modernized along with the general reform policies of public administration, the current plans have their focus deeper in the core structures of running a university. The background of the reform and its main content is described in the following [partly based on Virtanen 2008; see also Turunen 2008]. After the general description of the present state, the development of the modernization of the universities is analyzed in certain key areas of administrative reform policy, to show the relatively long way – a 'marathon' if you like – that universities have went through before coming to this major rupture of reform policies – a 'giant leap' if you like – where also the legal nature of university institution is to be changed.

The system of Finnish higher education is based on two pillars: universities and polytechnics. While this division will be retained in the future, the number of institutions – 20 universities, 30 polytechnics in a country with the population of 5.3 million people – has been criticized. The Government resolution on the public research system (2005) set the goal of assuring the effectiveness, quality, and efficiency of the universities by allocating resources to bigger entities. Universities should become more internationally competitive, develop their specialization in certain areas, and invest in the quality of research as well as multidisciplinary teaching and research. Universities should have an internationally recognized researcher core.

Governmental advisory boards, different kinds of evaluators and business interest organizations have drafted many reports which have approached the Finnish university system in a very similar way [one of these reports was The Evaluation of the Finnish School Administration by Markku Temmes, Pertti Ahonen and Timo Ojala in which the evaluators proposed the public enterprise model for the universities, Temmes–Ahonen–Ojala 2002]. The structures are seen as being too fragmented and overlapping. Emphasis should be given to specialization and building on

strengths. The structures of university organizations are overwhelmingly discipline-based, while multi-/inter-/cross-disciplinary programs in education and research are needed. Public funding of universities is seen as too weak, much less so than in the countries understood to be Finland's major competitors in the international economic system. When the prospects for the increase in public funding are unpromising, more private funding is suggested, as well as more collaboration with international companies and collection of private donations and endowments. The scarcity of basic funding has resulted in large-scale processes of applying for competitive external funds from a plenitude of sources. This keeps professors busy with administrative tasks whilst diminishing their capacity to do research.

The management system based on participatory democracy with internal boards and elections is considered too weak for both strategic reforms and the enhancement of the university's competitiveness. Many have suggested that the internal board be replaced by an external board which is to appoint the Rector (the President) of the university and enable stronger strategic management. The Finnish university system is generally acknowledged as being good to excellent in providing education to the masses for the labor market with its increasing demand for staff with high-level competencies. This is well in accordance with Finland's top position in PISA results assessing the knowledge and skills of students in compulsory education.<sup>1</sup> In addition, the productivity of scientific publishing is at the top level internationally, as it is related to the size of the population: 1600 publications per one million inhabitants places Finland in the fourth position in the group of 30 leading OECD countries [Levo-Nuutinen 2006]. However, world-class research is undertaken only by a few groups, Finland's only Noble prize is in science (chemistry, A.I. Virtanen) which dates back to 1945, also no world-class university exists.

In the 2007 Shanghai rankings of the top 500 universities<sup>2</sup>, University of Helsinki ranked highest, at no. 73, while the ranks of other universities were lower: the University of Turku 305-402, the University of Oulu 305-402, the University of Jyväskylä 403-510, and Helsinki University of Technology (HUT), the major part of the new Aalto University (see below), 401-500. In the 2007 Times Higher Education Supplement rankings of the top 200 universities, the University of Helsinki held position 100 (116 in 2006), HUT position 170 (291 in 2006) – these being the only Finnish universities ranking in the top 200.

It has been suggested in many quarters that investments in a few internationally appealing universities should replace the principles of more or less equal resource allocation to all units (a combination of performance-based funding for universities and government policy to support regionally important universities, even those with not so good performance). When these more internationally recognized institutions have evolved, more opportunities are expected to emerge for the recruitment of international scholars and for co-operation with global companies. As universities are often considered the weakest link in the national innovation system, the new management system should also establish better structures for effective innovation management. When Finland's competitiveness in the international economy

1 See <http://www.pisa2006.helsinki.fi/>.

2 See <http://www.arwu.org/rank/2007/ranking2007.htm>.



is based on high quality education and research and development, especially in technological industries, attractive partners from abroad are needed for investments in research and development. The attractiveness is not based on single excellent research groups alone, but also on institutional structures of universities enabling broader programs for, and commitment to, effective collaboration in the long term.

As a response to these problems, the Finnish Government has recently decided to take a number of measures on Finnish education and research policy in 2007–2012 (Development plan of education and university research 2007–2012). A more condensed network of universities has been set as a goal. The achievement of this goal includes measures related to national and international alliances of universities, greater university specialization, better collaboration between universities and polytechnics, and three more detailed decisions on the network of the universities: (1) the merger of the Helsinki University of Technology, the Helsinki School of Economics and the University of Design and Art Helsinki – the new university, initially with the working name 'the Innovation University' to commence in August 2009, (2) the establishment of a consortium of the University of Turku and the Turku School of Economics in 2008 as an intermediate phase for a new university starting in 2011, and (3) the establishment of the federation of the University of Eastern Finland, comprising the University of Joensuu and the University of Kuopio, starting in 2010 at the latest.

A more detailed plan for the structural modernization of the university sector will be drafted in 2008 to assist with decision making for the Government and the Parliament, which will make the final decisions on the number, placement and names of the universities in 2009. In parallel with the structural development, the legal status of the universities would be changed. Universities would no longer be regular state agencies with public servants forming the majority of academic and administrative staff. Universities would no longer be included within the regular state budget (and system of administrative accounting) and they would be given an opportunity to enter contracts under private law. 'The Innovation University' would be a foundation under private law, but all the other universities would have a special status as legal persons under public law – a new construct in Finnish law. Universities would be funded through state subsidies (not appropriations as allocated to regular state agencies). They would have more economic autonomy, including the right to buy shares and borrow money from financial institutions. The new universities would own their fixed property as shares of one of more public companies to be established for the maintenance and ownership of the university properties. These shares could be used as collateral for the loans the universities might acquire. The personnel would be employed as 'private' employees rather than as civil servants. The universities would have the right to negotiate the terms of employment with staff unions. The new functional systems should be in operation in 2012.

The preparation of the major parts of the ongoing reforms is based on a series of proposals of 'one-person committees' or small expert groups, not on traditional committees with members from parties and interest groups. In practice, the Ministry of Education has invited experts – established practitioners and academics – to collect information from different stakeholders for analysis, also comparing systems of other countries, and to propose relatively detailed solutions, sometimes

with the complete formulations for a bill to the Parliament. The Ministry has offered technical and financial support, but the experts have been able to organize their work independently, sometimes creating working groups, sometimes working mostly alone. This type of preparation has resulted in non-compromised suggestions that have probably constituted a better ground to continue the work within civil service and on the political level than preparations based on interest group attendance. The participation of all major stakeholders has started mostly after the main guidelines have been set by the Government.

All the proposed decisions are subject to the legislative powers of the Finnish Parliament, but the majority government has already committed itself to these reforms and, normally, the majority also holds sway in the Parliament. As the status of personnel and the new management system has aroused a lot of criticism among university staff, modifications of some aspects might be necessary. In general, the change of the legal status of universities has been accepted by all major players.

The official documents establishing the foundation for 'the Innovation University' have been recently signed. The name of the merged university is to be Aalto University, pointing to the name of the famous and world known Finnish architect, businessman and designer, Alvar Aalto (and also to his two wives). Aalto University deviates from the general reform guidelines in two respects. First, this university would be private in legal terms (and the only private university), although its major funding would come as state subsidies. This will also have an effect on the management system of the university. Second, the state funding of Aalto University will increase more than that of other universities. This is based on the special status of this university in the national network of universities.

In the following, the present state of university administration and organization is described against the background of the trends of administrative reform policies. The plans of the ongoing university reform are presented in the relevant context to show both the continuity and new steps.

## THE NATIONAL NETWORK OF UNIVERSITIES

The number of universities and their locations are determined by law, University Act (currently 645/1997). All universities award all levels of academic degrees (also in art universities): BA, MA, and PhD. All universities have been state-run since 1970s when the last of the major private universities were transformed to public organizations due to their economic difficulties in provision of arising mass education as well as the then ideological atmosphere emphasizing the autonomy of universities. At that time, private funding was seen as a threat to the autonomy of universities. According to the present plans of university reform, the Parliament will still have the final say in establishing new universities and in determining their geographical location. As the main funds for operation will also in the future come from the state budget, the envisioned role of political authority is understandable. The dependence on the parliamentary decision-making will leave also considerable space for regional politics, which has been, initially, one major moderator of the creation of the current network of universities and polytechnics.

## DEREGULATION

Before the enforcement of the present University Act in 1998, each university had a legal act of its own. Although the universities had even previously autonomy in their internal administration, the autonomy was strengthened (see the bill of the university act, HE263/1996). The universities received the authority to establish new faculties and other units that were previously established by the amendments of each university act by the Parliament. The new law upheld the tripartite internal administration stipulating that all collegial bodies must have representatives of three staff groups: professors, other teachers, researchers and other staff, and students. The tradition of participatory democracy dates back to the student radicalism of the 1970s. Also members external to universities were now accepted, as some universities were actively developing cooperation with the provincial business and public organizations. The rector could be elected also from outside.

Universities had received already earlier the right to establish and abolish academic and other positions. This was part of the gradual transition to management by results in the whole state government. The regulation by the decrees of university administration (government statutes based on laws) had also been made simpler to increase the flexibility of internal activities. Most vacant positions were filled by universities' own decisions. However, the professors were appointed by the President of Finland, as well as the heads of administration (in most universities). These appointments were delegated to the authority of universities only in 1998. The procedural details of the appointments of full professors and associate professors are still regulated by a separate act (856/1991) and decree (1581/1991), but flexibility has been brought in, as professors can nowadays be appointed, in exceptional cases, by invitation without open competition. The core staff, both academic and administrative, is public servants. In the government plans to reform universities, the status of the staff would change from public servants to public employee (see below). This aspect will be the next major phase in the deregulation of university sector, together with the plan to detach universities as organizations from the budgetary state economy and administrative accounting system.

## PUBLIC FUNDING AND PERFORMANCE-ORIENTED BUDGETING

The main impacts of administrative modernization trends on universities have been channeled through the adoption of performance-oriented budgeting throughout the state administration since 1995. Many other features of the current administrative practices are reflections of this reform. Formula-based funding has been implemented gradually in universities. It has been fully operational since 2003. In the following, a relatively concrete description of university budgeting is presented to illuminate the many elements of administrative modernization built in the resource allocation formula. Ministry of Education and each university draft a 'results contract' (performance contract) for a period of three years. Legally, the 'contract' is a planning document as both parties are part of the same legal person: the State. However, the contract sets some operational targets that affect the appropriations

each university receives to achieve those targets. It is likely that formula-based budgeting will remain in one form or another also after the change of the legal status of universities. As a long-term determinant for the funding of universities has been a special law on the development higher education (1052/1986). With some amendments and exceptions it has guaranteed the increase of state funding to universities in more or less in the pace of the rise of salaries.

As an example, the contents of the contract between the Ministry and the University of Helsinki for 2007–09 shows the elements of performance-based budgeting: the contract sets operational goals that embrace societal effectiveness and quality assurance (research, PhD-education, undergraduate and graduate education, internationalization, societal interaction etc.), human resources management and development, operational effectiveness, quantitative targets for PhD-degrees, MA-degrees (including teacher education) for each educational field separately, goal areas (numbers of BAs, incoming and outgoing exchange students, foreign degree students for PhD and BA/MA, open university students etc.), resources (about 305 million €) for 2008 differentiated between basic funding (about 73 per cent), development projects (about 5 per cent), and performance money (about 22 per cent).

In the budgeting model of Ministry of Education (2006) the criteria of basic funding for universities are – during 2007–2009 – (1) extensiveness of university's activities (23 per cent; based on previous appropriations, the target of new students, and rents for properties during 2004–2006), (2) research and researcher education (30 per cent), (3) degree education (37 per cent), and (4) societal interaction (10 per cent).

The amount of money for activities in research and researcher education is based (4/5) on indicators of competitive external funding for research the university has managed to receive (in 2004) and (1/5) on the number of PhD-students of PhD-schools (established through competitive procedure); and the numerical target of PhD degrees. Excluding the latter numerical target, indicators based on competitive external funding are expected to point – indirectly – to the quality of research.

The amount of money connected to degree education is determined by the numerical targets for MA-degrees multiplied by expense coefficients varying by the field of education (from 1.25 of humanities, jurisprudence and social sciences to 3.25 of medicine and 3.75–5.5 of artistic education). The amount of money based on criteria of societal interaction is mostly discretionary, embracing factors like unique activities with national importance, utilization of research results, innovation activities, regional effectiveness, and numbers of students in open university functions.

Development projects constitute additional funding to enhance national guidelines in higher education policy. It is discretionary and strategic. The support of the structural development of universities' research systems is emphasized.

Performance money is understood as a reward of quality, efficiency and societal effectiveness. The proportion of performance money and its allocation to universities is decided annually, but the criteria remain the same for period of three years. In 2007–2009, these criteria are: quality and societal effectiveness (40 M €), operational efficiency and processes of studies (259 M €), and human resources. Each criterion is actually a bundle of many factors with discretionary weight.



Quality and societal effectiveness covers the following factors: national centers of excellence in research of the particular university (chosen by the Academy of Finland), the number of scientific publications per the number of academic staff within each scientific field, national centers of excellence in education of the particular university (in practice university departments suggested by the university and chosen by the Finnish Higher Education Evaluation Council), university's excellence in adult education (nominated by the Finnish Higher Education Council), centers of excellence in artistic activity (nominated by the Arts Council of Finland), internationalization (the number of incoming and outgoing exchange students and their balance, the proportion of foreign students, the number of degrees of foreign students, and active development of cooperative programs in education and research). The major weight in quality and societal effectiveness is put on the number of centers of excellence in research.

Operational efficiency and processes of studies is composed of the following factors: the number of BA degrees in relation to the number of students admitted three years earlier, the number of MA degrees calculated with expense coefficients by educational fields (the maximum being the numerical target set for 2007-2009), number of PhD-degrees (the maximum being the numerical target set for 2007-2009), the number of student in open university activities. The major weight is put on the numbers of MA and PhD degrees.

Human resource development is an essentially discretionary element that is to reflect the intensity of measures taken to enhance the welfare of staff and students. Its assessment is based on the human resource strategies of each university, university's annual account of human resources, and other relevant material.

The budgeting model is not a simple formula to increase the productivity of universities. The model has been evolving. It started essentially with the numbers of MA and PhD degrees, the former reflecting productivity in education, the latter productivity in research (not even the quantity of research publications were taken into account). Today, much more emphasis is put on the quality and quantity of research and the quality of education, as well as internationalization. The emphasis of research-related factors has increased. The elements of incentives based on the success in achieving the numerical targets set for basic funding and performance money, covering both education and research, have launched competition between universities. The Ministry of Education has not accepted all the offers for degree targets universities have proposed, since that would have resulted in excessive education. At the same time, universities have criticized budgeting model for not rewarding the best productivity. As the resource allocation is both managerial and political process, regional needs have been additional factors integrated to performance-based budgeting making the decisions partly non-transparent. Due to political 'realism', no university can be treated too 'cruelly', as they have important regional impact and political support, even their formula-based performance may be relatively poor.

As the legal status of universities will change, the budgeting model will change too. The resources will not be regular appropriations from state budget, since universities will not be part of the State's budgetary economy and regular administrative accountancy. While most of the money to maintain education and regular research activities of academic staff will come from the state budget, the legal



nature of the money changes from budgetary appropriation to state subsidy. While the preparation of the new budgetary model is still unfinished, only the main features of the model can be anticipated. There is no attempt to relax the political regulation on the educational responsibilities divided between universities by a decree of the Ministry of Education. As the Government and the Ministry of Education will control the numbers of degrees awarded in different educational fields and as the universities will not be given total liberty to establish new study programs, the funding will be at least partly structured by the numbers of degrees in different educational fields. However, the strength of political steering may be loosened to give more space to educational markets, i.e. competition between universities. The general discussions emphasize the qualitative aspects of both education and research more than quantitative aspects. It is probable that these aspects – together with stronger aspirations in internationalization of both education and research – will be elements in the future funding model of universities.

Competitive external research funding will probably be given more emphasis in the future funding of universities. This would be an element in strengthening the influence of market mechanisms specific to research. External funding of universities has been constantly increasing, covering nowadays about one third of universities' annual budgets. In most universities, the major part of external funding comes from public sources: the Academy of Finland, the National Technology Agency (Tekes), and the framework programs and structural funds of the European Union.

Part of the introduction of the performance-oriented budgeting has been the reform of financial statements of state agencies. According to the new budgetary regulations (Act 254/2004), all public agencies have to draft a financial statement about operational performance and societal effectiveness together with financial calculations about realization of budget, and returns, costs and balance sheet based on bookkeeping. The financial statement includes annual report about the development of productivity, economy, effectiveness, human resources and welfare etc. The introduction of performance accounting to universities has created new practices of accountability to the Ministry of Education which uses the new type of information in preparatory work, conducive to annual negotiations about performance contracts with each university. The Ministry is obliged to give feedback to every university about its performance and achievement of performance targets and the measures necessary to improve performance.

The new system of performance accounting was created to emphasize each Ministry's responsibility for the steering of their policy sector and the assurance of the performance accountability of agencies under Ministry's control. As the legal and budgetary status of universities will change, these regulations will not bind them. In the future, universities' performance accounting will probably be closer to private management accounting, as they will follow the general practices of business bookkeeping instead of following both business and administrative (state budget) bookkeeping as they are obliged to do today. However, as internal accounting, performance accounting orients towards cost pools, activities, and outputs etc. which share some resemblance across private and public organizations operating in the same field of production. In this sense, the relatively new state performance accounting has paved the way to more managerial accounting in the future universities.

## PRIVATE FUNDING

In 2005, universities were given right to establish so-called university corporations. The general idea behind this reform was to encourage universities to utilize their research discoveries for commercial purposes. The government regulations have determined to keep the size of this type of ownership very limited, since universities have not had sufficient know-how, capacity for risk-management and other resources to invest in this type of activity. Since 2007 universities have been able receive donations for foundations separate from regular university budgets. At the same time, universities were given legal right to enter into contracts under private law to use these additional and separate assets. This reform can be seen as a first step in the process of changing the legal status of universities.

Private donations to universities have been relatively scarce in Finland. In fact, there is no strong donation culture in any societal sector comparable to many Western countries. Part of the reason is the tradition of broad responsibilities given to public sector, as is customary in the rest of the Nordic welfare-states. Another reason has been severe taxation regulation that has not encouraged donators. However, from 2008 onwards donations from companies (or from other legal corporations) to universities of up to 250 000 per year have been tax deductible. Previously the tax deductible amount was only € 850–25 000. Private persons do not have the right of tax deductibility from their donations. This amendment in Finnish Income Tax was made partly due to the Government recent decision to merge three universities by establishing a foundation under private law to maintain and run the new, private university called Aalto University. The capital for this university is expected to grow from private donations. The Government has decided to invest €500 million to this foundation on the condition that the donations from private sources amount to € 200 million. As the Government has been criticized for favoritism, it has recently promised to invest in other universities of the same proportion (5/2), but the general belief is that the lack of private capital for universities within the given time frame of one electoral period will not lead to the fulfillment of this promise in any major extension.

Even the proposed reform of University Act would make it possible to establish other private universities in addition to Aalto University, based on a private foundation, there are no suggestions to proceed in that direction. And in the end, it is Parliament that will decide to establish and locate every new university.

According to the Finnish Constitution, degree education is free of charge. There is no general political support for tuition fees. However, a recent reform makes commissioned degree education possible, if the education is commissioned from outside of the European Economic Area (EEA). Experimentation for tuition is suggested by the Government for students coming from outside of EEA, provided a scholarship system is built to support students who cannot afford to tuition otherwise.

While privatization – as turning public organizations to privately owned and funded organizations – has been an essential trend in the NPM-inspired structural reforms of public sector, the Finnish universities have been reformed very moderately in this direction.

## UNIVERSITY PROPERTIES

University buildings belong to government assets. Their ownership functions are handled by Senate Properties, an unincorporated state enterprise responsible for the properties acquired for permanent government use. It collects rents from the universities. The reform can be seen as a logical consequence of the doctrine of NPM, as according to economic rationality organizations should be accountable for all the resources they use in order to use them effectively. The values of the university properties are expected to be close to the market value of similar properties. The rents have increased steadily. Universities pay the rents from their lump sum appropriations. Universities have not received extra money for the rents in the pace the rents have increased, as universities have been expected to use space in more efficient ways. In many cases, the university management has not been able to control sufficiently the efficient use of space, although no formal obstacles exist.

As the legal status of the universities is planned to change, preparatory work is under way to establish corporations for the ownership of university properties. Each university would own the shares in relation to the value of its properties. The shares would be part of the capital of the new type of university. There seems to be no easy way out to find a consensual solution for the matter, since universities see threats in adoption of a solution where shares can be owned also by quarters external to universities. Universities would be able to use their shares as collateral. This would be an important condition for their stronger economic autonomy. At the same time, the reform makes accrual budgeting necessary, since the changing values of capital and debts should affect decision-making. This would be a completely new challenge to university management.

## SERVICE TO THE CUSTOMER

Customer-orientation has evolved in many ways within universities as they have realized the importance of different internal and external stakeholders. The competition about good students has created student markets. They have affected both the selection of study programs, especially the creation of topical Master's programs, and the provision of support services for students. In addition to improvements in library, ICT, healthcare, sports and accommodation services, much more attention has been paid to different types of counseling, tutoring and supervision directly related to studies. Personal study plans drafted and updated in different phases of studies together with teachers have become general in the implementation of the new degree system based on the Bologna declaration. The increases of exchange students and foreign degree students (as well as foreign teachers and researchers) have created more organized international services. As certain groups of students have had difficulties in finding a proper job after completing their studies, recruitment and career services have come up. These have been often integrated with alumni services which are relatively new in Finland.

Teachers and researchers use partly the same services as students: library, ICT, sports etc. Customer-orientation has also affected the processes of staff training,

healthcare and labor protection services. Research and innovation services have been developed to support the processes of commissioned research, applying external funding from different sources, and the management of intellectual property rights. It is customary to conduct customer surveys for both students and staff on nearly all services provided by the university. Very often the new developments of services are designed together with customers.

A distinctive facet of customer-orientation has been built around societal interaction or the so-called third mission of universities. An amendment of the University Act in 2004 specified that universities have to act in interaction with society while they do research, enhance civilized culture, teach and educate students to serve 'fatherland and human kind'. Societal interaction was not a new mission as such, but the amendment and the steering from the Ministry of Education has led to more organized and systematic processes to improve the interaction and penetration of societal expectations throughout the university sector. Adult education organized by universities has arisen and broadened in the pace of the demand for more competent workforce, but the reduction of government financial support has led to harder market competition and closer interaction with different segments of customers. Initially, many universities have been established by strong support of local politicians and business leaders in the 1970s. Many universities have also started, with the support of the Ministry of Education, formal cooperation in the form of university centers, established in major provincial towns close to university towns in 2004. These centers (six in total) provide education and other services adapted to local needs but are controlled by the partner universities. In addition to this type of interaction with major benefits in terms of societal effectiveness, currently often related to declining local economies, new challenges have come up. Cooperation in research and development and innovation management locally and internationally, at the same time, has broadened the scope of the 'third mission' beyond traditional commissioned research and adult education where customer's expectations are important.

The proposed university reform does not have direct impact on customer-orientation, but wider economic autonomy and stronger global competition will probably upraise the expectations of different stakeholders on a higher level. Commissioned education and the principle of lifelong learning will create additional market related challenges. It is quite obvious that different facets of customer-orientation have strengthened along with the introduction of different market mechanisms inspired by the doctrine of NPM.

## **ACADEMIC STAFF**

Modernization of staff policies and human resources management has been perhaps the slowest part of the administrative development in Finnish public administration in general [see Virtanen 1999; 2002]. This may be partly due to strong staff unions and organizational culture of participatory leadership and relatively intense participation by the staff, typical of Nordic countries. The tripartite management system of universities has strengthened these aspects. Although the core staff holds

their positions as public servants, the regulatory amendments of Public Service Act (755/86, 750/1994) and other relevant legislation have narrowed the differences between public servants (appointment under public law) and public employees (contract under private law). Major differences lie in the regulation of recruitment, which is less flexible under public law. As for professors, a separate law with complicated procedures may lengthen the process to take a couple of years or even more. In general, the current recruitment practices of universities have emphasized more the rights of applicants than the rights of the employing organization to form a pool of expertise, competent academic leadership and coherent teams needed for the achievement of organizational goals.

Within the system of public service, a few developments have been carried out to increase the flexibility of human resource management. In 1998, the system of academic working hours was changed by a collective agreement between unions and the State. The varying numbers of teaching hours per different categories of academic staff were replaced by total working hours, 1600 hours per year. According to the agreement, there should be no follow-up of working time but only that of the results. The superior (in most cases the head of department) and the subordinate should sign a working time document where 1600 hours are allocated to different functions: teaching, research, university service, and societal interaction etc. The time allocated for different purposes should be designed by the needs of departmental goals, but in practice the allocation follows mostly academic traditions and power structures in the division of labor without systematic follow-up of results.

In 2006, a performance-related pay system was introduced to universities after nearly two decades of long and hard negotiations and experimental projects. The state employer emphasized a system with common principles across the whole state government, but universities and academic staff unions required a system more adapted to the nature of academic work. A compromise reflects both, but due to the novelty of the system the experiences, a mixture of embarrassment and disbelief, are too partial to draw conclusions for the needs of future development.

As there is no career system in the Finnish public service, there is no tenure track system of academic jobs. Given the prevalence of project work with temporary external funding, the insecure career prospects of junior staff have been a long-term and severe problem affecting also the attractiveness of university career. The adoption of tenure track system, often suggested in the context of international research assessments of Finnish universities by foreign experts, will probably be the major reform, when the change of the legal status of universities turns public servants to private employees. The system of collective agreement will also change, as universities are expected to establish a common employer association to negotiate with academic staff unions. This will probably lead to new developments in the pay system, more adapted to the needs of academic institutions. Along with more flexible recruitment and pay system, universities have better opportunities to compete in the academic labor market. This market is becoming more and more international creating challenges for the formulation of human resources policies that must be accustomed to meet institutionally varying needs, in stead of sticking to nationally universal principles applied throughout state government.



## PUBLIC EVALUATION AND QUALITY ASSURANCE

According to the University Act (645/1997, 5 §), universities have to assess their education, research (and artistic activity in art universities) and their effectiveness. Universities are also obliged to take part in the external evaluation of their operation. According to the Act, the results of the assessments and evaluations have to be published.

Some of the universities have organized external, international assessment of their education and research. These assessments are organized in different ways. The government does not regulate the procedures or the utilization of the results of these assessments, but the Ministry of Education has emphasized universities' responsibility to organize external evaluations and utilize their results. There is no national system for quality assurance or accreditation of education, nor research assessment system. Each university is responsible for the creation of these systems, and the role of the government is to organize overall practices to evaluate the varying systems employed by higher education institutions.

The Finnish Higher Education Evaluation Council (FINHEEC) was established in 1996 to organize external evaluations of higher education institutions. The council is to support the Ministry of Education and universities (and polytechnics) in the evaluation of universities (and polytechnics), except for in the research assessment which continues to be the responsibility of the Academy of Finland, the major funding organization of academic research. The Academy of Finland has organized international evaluations focused on research done within individual disciplines and research fields since 1983. The Academy is also responsible for the management of the national Centers of Excellence in Research Program. The program encourages research teams to compete for the status of excellence and the ensuing funding from the Academy. FINHEEC has organized external evaluations and audits of quality assurance systems in universities and polytechnics as well as program and thematic evaluations. The quality assurance systems of all universities and polytechnics will be audited during 2005-2011.

The future of public evaluation and quality assurance of the reformed universities is still an open question. However, there is no indication of lowering the intensity of external evaluations and audits.

## THE MANAGEMENT SYSTEM

The management system of universities is stipulated by the present University Act. The system is composed of internal elections and internal boards with tripartite representative quotas of full professors and associate professors, other teachers and researchers and administrative staff, and students. The rector is elected by a tripartite collegium. There must be at least one external member in the highest administrative board of the university. The political authority is based on bottom-up elections. This has resulted in difficulties to make structural reforms, often needed for the adaption to changes in external environment. The management system varies to some extent from university to university, as this is a part of its administrative autonomy. In principle, rectors and many deans have powers to allocate lump sum

resources to support the necessary strategic reforms, but in practice only new resources are used for strategic changes. Due to bottom-up legitimacy structures, the managerial powers meet the reform opposition of collegial bodies, if any major redistribution of resources is suggested.

The adoption of total working time and performance-related pay systems strengthens the importance of qualified management system. Many have wished for a more professional management system for the universities and stronger managerial hierarchy. The plans of the new management system include a proposal of a highest board with 50 per cent members external to the university, the other half being composed along the lines of the tripartite representative model. The chair of the board would be an external member. The rector (or the president) of the university would be appointed by the board. On the faculty level, a tripartite representative system would be preserved. The details of authority structures would be decided by the highest board, also the principles of resource allocation and the organizational structures of faculties and other units.

The reform of the management system of universities is seen necessary, because the increasing economic autonomy and responsibilities require more emphasis on managerial competencies and real accountability for decisions and their consequences. The present authority structure with a plenitude of internal boards to which strategic authority is decentralized has not sufficient capacities to run a university effectively under the circumstances of global knowledge economy.

Part of the problem has been the decentralization of administrative routines to basic level units. As a partial solution to this, centralized measures have been taken by many universities to improve the efficiency and quality of administrative and support services. The Ministry of Education has established a national center for these services. Universities would buy the services from this national center. While the legal status of universities is under revision, it is unclear, how the provision of these services could be outsourced to a single organization.

## CONCLUSIONS

The reforms carried out since the 1980's within universities reflect relatively well the reform trends of Finnish state government. Some of the new structures and practices have been adopted by the universities in slower pace than in the rest of the government. This is partly based on the unique nature of universities as organizations with special kind of internal and external autonomy. The Finnish universities have been reformed along the lines universities have been reformed internationally, but many countries have completed the reforms earlier (for example, the UK, Austria, Denmark, and the Netherlands).

In 1986, in connection with the enforcement of a special law on the of development higher education (1052/1986), the Government resolution (25.9.1986) set the following developmental objects for universities [see also Virtanen 1999]:

- promotion of the management by results;
- increased independence in resource allocation and more flexible definition of teachers' duties;

- introduction of an assessment system producing adequate and compatible information about the results and costs of research and teaching;
- preparation by universities of regular performance reports, including summaries to be drawn up for higher education development plan approved by the Government at four-yearly intervals;
- consideration of performance in allocating new funds to research and teaching and reallocation of existing resources on the basis of changing needs;
- more efficient teaching, enabling most students to obtain a Master's degree within four-to-five years' study;
- more efficient postgraduate (doctoral) education by universities, enabling students to complete a doctorate after four years of full-time study.

In two decades or so, most of the objects have been achieved, with major exceptions in the reallocation of existing resources on the basis of changing needs and in the time-frame the degrees should have been obtained (for BA and MA a timeframe has been set legally, as the Bologna declaration was implemented in 2005). The objectives mostly achieved reflect the goals of administrative policies of performance-oriented budgeting, independence and flexibility in resource allocation, performance accounting, and efficiency. However, the strategic reallocation of existing resources and inertia in completing studies continue to be problems.

It seems that the prospects of increasing state funding for universities were more optimistic over 20 years ago. Today, the objective of a stronger reallocation of existing resources by better strategic management is not seen sufficient, as the revision of the mission of universities and their opportunities for increased funding are built on better interaction with national and international stakeholders other than the Government. It seems that the formal constraints of the legal regulation of the Finnish universities' economic autonomy have now reached the limits the proposed and on-going reform of universities has to overcome, if the strategic management and acquisition and reallocation of resources are to be made more effective. The future will show, to what extent universities will develop their own, possibly European, reform policy to cope with the global competition, and to what extent the convergence of national administrative reform policies within Europe (European Administrative Space) will attract the new, more independent universities.

## REFERENCES

- Bouckaert, Geert-Ormond, Derry-Peters, Guy [2000]: "A Potential Agenda for Finland". Research Reports 8. Helsinki: Ministry of Finance.
- Communication from the European Commission [2003]. The Role of Universities in the Europe of Knowledge. 58.
- Communication from the European Commission [2005]. Mobilising the Brainpower of Europe: Enabling Universities to Make Their Full Contribution to the Lisbon Strategy. 152.
- Communication from the European Commission [2006]. Delivering on the Modernization Agenda for Universities: Education, Research, and Innovation. 208.

- Communication from the European Commission [2007]. Improving Knowledge Transfer Between Research Institutions and Industry Across Europe: Embracing Open Innovation. 449.
- Levo, Anna-Maija-Nuutinen, Anu [2006]: Finnish Science in International Comparison. A Bibliometric Analysis. Publications of the Academy of Finland 15.
- Hölttä, Seppo [1988]: "Recent Changes in the Finnish Higher Education System". *European Journal of Education*. 23(1-2): 91-103.
- Hölttä, Seppo-Rekilä, Eila [2003]: "Ministerial Steering and Institutional Responses: Recent Developments of the Finnish Higher Education System". *Higher Education Management and Policy* 15(1): 73-92.
- Ministry of Education [2006]: Performance-oriented budgeting for universities 2007-2009 (In Finnish). Dnro 7/210/2006, 1.2.2006.
- Moden, Tore, ed [1994]: Public Administration in Finland. Helsinki: Ministry of Finance and Finnish Branch of the International Institute of Administrative Sciences, Helsinki University Printing House.
- Pollitt, Christopher-Bouckaert, Geert [2004]: Public Management Reform, A Comparative Analysis. Second edition. Oxford: Oxford University Press.
- Pollitt, Christopher-Hanney, Stephen-Packwood, Tim-Rothwell, Sandra-Roberts, Simon [1997a]: Public Management Reforms: Five Country Studies. Helsinki: Ministry of Finance.
- Pollitt, Christopher-Hanney, Stephen-Packwood, Tim-Rothwell, Sandra-Roberts, Simon [1997b]: Trajectories and Options: An International Perspective on the Implementation of Finnish Public Management Reforms. Helsinki: Ministry of Finance.
- Temmes, Markku-Ahonen Pertti-Ojala, Timo [2002]: Suomen koulutusjärjestelmän hallinnon arviointi (The Evaluation of The Finnish School Administration), Ministry of Education.
- Temmes, Markku [1998]: "Finland and New Public Management". *International Review of Administrative Sciences* 64: 441-456.
- Temmes, Markku-Kiviniemi, Markku [1997]: The Changes in the Finnish Administration 1987-1995 (In Finnish). Helsinki: Ministry of Finance, Edita.
- Turunen, Ilkka [2008]: "Modernization of Higher Education". In Timo Aarrevaara and Fumihiko Mauyama, eds, *University Reform in Finland and Japan*, pp. 21-32. Tampere: Tampere University Press.
- Virtanen, Turo [1999]: "Finland: Searching for Performance and Flexibility". In Farnham D. et al, eds, *Managing Academic Staff in Changing University Systems: International Trends and Comparisons*, pp. 58-73. Buckingham: Open University Press.
- Virtanen, Turo [2002]: "Competency Assessment in Finnish Higher Education". In Horton S. et al, eds, *Competency Management in the Public Sector: European variations on a theme*, pp. 77-90. Amsterdam: IOS Press.
- Virtanen, Turo [2008]: "Merging and Privatising to Reach for the Top". In Timo Aarrevaara - Fumihiko Mauyama, eds, *University Reform in Finland and Japan*, pp. 53-76. Tampere: Tampere University Press.