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NEW PUBLIC GOVERNANCE AND NEW PUBLIC MANAGEMENT IN THE FUNDING AND CONTRACTUAL STEERING OF THE FINNISH HIGHER EDUCATION SYSTEM

Korkeakouluhallinto- ja johtaminen
Pro gradu -tutkielma
Kesäkuu 2017
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ABSTRACT

UNIVERSITY OF TAMPERE, Faculty of Management, administrative sciences, Thesis seminar and Pro gradu -thesis, 40 ECTS

KANNIAINEN, JARI-PEKKA: New Public Governance and New Public Management in the Funding and Contractual Steering of the Finnish Higher Education System

Pro gradu, 111 pages, 6 attachments (13 pages)

Supervisor: Anu Lyytinen

June 2017

Keywords: New Public Governance, New Public Management, higher education, governance, institutional logics, educational systems

The topic of the research is the institutional governance logics of the funding and contractual steering of the Finnish higher education system. Higher education reforms in Finland and internationally have in the past decades favored market-orientation and performance measurement. More perspectives to study governance are needed. The research question guides to look for an assumed on-going shift between the recent theorized governance models of New Public Management (NPM) and New Public Governance (NPG), which act as the theoretical framework. This research delves into the institutional logics behind decision making and outspoken political goals. Major concepts are governance, steering, institutional logic, practical reasoning and agency. The steering activities are made according to institutional governance logics. Institutions are continuously constructed and upheld through the discursive behaviour of the actors, and agency is understood as the actors' possibilities to affect the practical reasoning and the institutional logic in the institutional system. The contents of selected policy documents regarding the funding and contractual steering are used as the data and the analysis is based on a categorization of the practical reasoning and the theoretical framework. The findings from the data and the analysis reveal a variety of logical elements. The logical elements of NPM are in dominant role in most parts of the funding model and a shift to a stronger grip of NPM is seen. The elements of NPG are emphasized in parts related to measuring research and other publications, evaluating the societal influence of HEIs, and in the reasoning of the contractual steering. The research design proved to be sufficient and appropriate for a detailed analysis of higher education governance and is recommended for following research in the same area.

TIIVISTELMÄ

TAMPEREEN YLIOPISTO, Johtamiskorkeakoulu, Hallintotiede, Pro gradu -seminaari ja -tutkielma 2017, 40 op

KANNIAINEN, JARI-PEKKA: Uusi julkishallinta ja Uusi julkisjohtaminen Suomen korkeakoulujärjestelmän rahoitus- ja sopimusohjauksessa

Pro gradu -tutkielma, 111 sivua, 6 liitettä (13 sivua)

Tutkielman ohjaaja: Anu Lyytinen

Kesäkuu 2017

Avainsanat: Uusi julkishallinta, uusi julkisjohtaminen, korkea-asteen koulutus, hallinnointi, institutionaalinen logiikka, koulutusjärjestelmät

Tutkimuksen aihe on institutionaalinen hallinnan logiikka Suomen korkeakoulujärjestelmän rahoitus- ja sopimusohjauksessa. Uudistukset korkeakoulutuksessa ovat Suomessa ja kansainvälisesti suosineet markkinoihin ja tulosmittautukseen pohjautuvia ratkaisuja. Uusia näkökulmia hallinnan tutkimukseen tarvitaan. Tutkimuskysymys johdattaa etsimään oletettua siirtymää viimeaikaisten teoreettisten Uusi julkisjohtaminen (New Public Management) ja Uusi julkishallinta (New Public Governance) –mallien välillä. Mallit toimivat teoreettisena viitekehyksenä. Tutkimus perehtyy päätöksenteon ja julkilausuttujen poliittisten tavoitteiden taustalla oleviin institutionaalisiin logiikkoihin. Keskeisimpiä käsitteitä ovat hallinta, ohjaus, institutionaalinen logiikka, käytännön järkeistäminen ja toimijuus. Ohjaustoimenpiteitä tehdään institutionaalisten logiikoiden perusteella. Instituutiot ovat jatkuvasti rakentuvia ja ylläpidettyjä toimijoiden diskursiivisen käyttäytymisen kautta ja toimijuus ymmärretään toimijoiden mahdollisuuksina vaikuttaa käytännön järkeistämiseen ja institutionaaliseen logiikkaan institutionaalisessa järjestelmässä. Valittujen rahoitus- ja sopimusohjaukseen liittyvien politiikkadokumenttien sisällöt toimivat aineistona ja analyysi pohjautuu käytännön järkeistämisen kategorisointiin ja teoreettiseen viitekehykseen. Löydökset aineistosta ja analyysi paljastavat moninaisen joukon loogisia elementtejä. Uuden julkisjohtamisen mallin loogiset elementit ovat keskeisessä roolissa suurimmassa osassa rahoitusmalleja ja nähtävissä on siirtymä Uuden julkisjohtamisen vahvempaan otteeseen. Uuden julkishallinnan elementtejä painotetaan osioissa, jotka koskevat tutkimus- ja muita julkaisuja, korkeakoulujen yhteiskunnallisen vaikuttavuuden arviointia sekä sopimusohjauksen perusteluissa. Kokonaisasetelma osoittautui riittäväksi ja sopivaksi tutkimusasetelmaksi korkeakoulutuksen hallinnan tarkempaa analyysiä varten ja on suositeltavissa jatkotutkimukseen samalla tutkimusalueella.

Contents

Abbreviations

HE	Higher education
HEI	Higher education institution
UAS	University of Applied Sciences
NPM	New Public Management
NPG	New Public Governance
OKM	Opetus- ja kulttuuriministeriö, Finnish Ministry of Education and Culture
OECD	The Organization for Economic Co-operation and Development
PA	Public Administration

Figures and tables

Chapter 1: Introduction

1.1 Research context and background

From the state universities and a scattered field of professional colleges, the higher education (HE) system of Finland has been transformed into a binary system of HE institutions (HEIs). The HE system consists of limited company -based polytechnics (universities of applied sciences, *ammattikorkeakoulu*, later referred to as UAS) and recently reformed public and foundation-based research universities (*yliopisto*). The recent reforms in HE are assumed to be ideologically driven according to specific institutional logics and ideational background knowledge, specifically New Public Management (NPM) and, though mostly in the context of public service systems, New Public Governance (NPG) (Osborne, 2006; 2010). This assumption of ideational backgrounds affecting the governance leads to a critical tradition of research choices and a rather experimental research design. The theoretical governance models and their logical contents are discussed, and a comprehensive theoretical framework is built for an analytical perspective to the data related to the governance and steering of the Finnish HE. The Finnish HE system is the context of this study and more specifically, the research interest is in according to what logic the HE system as a complex social system is governed.

Major concepts in this research are **governance**, **steering**, **institutional logic**, **practical reasoning** and **agency**. The governance and steering activities such as policy processes, decision making and management are made according to an institutional governance logic or logics in the institutional system. The governance logics are found by analyzing the practical reasoning of the steering. Institutions are continuously constructed and upheld through the discursive behaviour of the actors, and thus, agency is the actors' possibilities to affect the practical reasoning and the institutional governance logics in the institutional system. HE system is a socio-cybernetic system, which is dynamic in its interrelations and the focus is on communication between the actors and the environment.

According to Finnish Ministry of Education and Culture's (later referred to as *the Ministry*) website (OKM, 2017a; 2017b), the Finnish HE system currently consists of 14 research universities and of 23 UAS. The Polytechnics Act (932/2014) and Limited Liability Companies Act (981/2011) sets the legal boundaries for the UAS, and the University Act (558/2009) for research universities. Both university types are included in this research, though the focus of the detailed analysis of practical reasoning is in the documents related to the steering of the research universities and the contracts made between the Ministry and the HEIs (both research universities and UAS). The HEIs in Finland include the military sector HE in the National Defense University and two other special UAS: Policy College and Åland University of Applied Sciences. For regional purposes, university centers exist to gather university activities together in areas with no university of their own. Military, police and Åland UAS education and the university centers are not included in the research because of their differentiating institutional structures, or in the case of university centers, they are seen as cooperation between different HEIs.

The Ministry (OKM, 2016a; 2016b) states that the governance, steering, funding and evaluation of the research universities and UAS share many similarities even though they are considered as different sub-sectors of the HE system. The steering of the HE is presented as following (OKM, 2015a, 21): legislative steering, funding-based steering, information steering, agreement and feedback procedures, university visits, reports and specific reviews, evaluations, statistics and indicator-based follow-up, economic codes and lastly, as dialogue between different actors. From this variety of steering activities and methods used in the governance of HE in Finland, the practical reasoning of the funding model and the contractual steering is the center of focus of this research.

The funding models of Finnish HEIs have gone through major reforms towards more strongly indicator-based form to support HEI's autonomy. The funding models have been based on measuring performance already from the reforms made in the 1990s. According to Kallio et al, the Finnish research universities are publicly funded with specific funding model indicators, and the reforms related to the funding of the HE system are performance measurement -oriented. They argue of the quality indicators (with the aim of high-quality) rather being quantitative – not qualitative. In addition, the performance measurement principles have also entered the HEIs' internal funding models. (Kallio et al, 2017.) This has been an overall, logical shift from ex ante (planning-based) to ex post (monitoring and outcome-based) funding. Performativity, according to Ball (Ball, 2003), refers to "*a technology, a culture and a mode of regulation that employs judgements, comparisons and displays as means of incentives, control,* *attrition and change*". I assume that this strengthened performance-based funding plays a crucial part in the current governance of Finnish HE and is of main relevance in the NPM logic, as presented later. The major interest is in how the late NPG model can be seen in the shift in the logics of governance and reforms regarding the Finnish HE system.

Pekkola, Kivistö and Nokkala (2014) argue that Finnish HE political governance responsibility has shifted from the national civilizing political sector to regional and social politics, and finally towards politics of science, technology, economics and innovation. According to them (ibid.), the steering of the HE consists of a subject responsible of the steering, the object of steering activities and instruments of steering. The subject in some countries is either or both the Ministry and or a HE related council, such as HEFCE (Higher Education Funding Council for England) in the UK. The subject of the steering in Finland is the Ministry. (Pekkola, Kivistö & Nokkala, 2014.) The research looks at the practical reasoning of the governance policies, produced both in the previous funding models and contractual periods, and also presently. A shift in the logic of the governance is expected to be seen in the differences of the contents in the policy documents. The interest in my study is in this possible logical shift from a major governance logic to another. Steering happens through official measures and actions by the Ministry, but is not limited only to them. Because of the recent increased role of the economical steering in the form of reformed funding models, policy documents related to the reforms of the HE funding are a main source of information for the analysis. In similar way as for example in an organizational case study of Norgård and Skodvin in Norwegian universities (Norgård & Skodvin, 2002, 76-77), I share the argument that research in a complex institutional environment is not sufficient enough with a mere study of formal structure of the system. For this reason, the policy argumentation and practical reasoning is analyzed with a critical discourse analytical approach.

In this research actors refer, among others, to professors, researchers, teachers, different level students, different level managers in the universities, officials and politicians in the Ministry, representatives of municipalities and cities, labour union representatives and entrepreneurs working in the field of innovations and high knowledge products and services. Some actors are tightly and officially connected to the system through legislative rights such as the right to study (students), work contracts (employees) and service relationships of public officials. Institutions, such as university organizations themselves, the Ministry, international organizations such as OECD or European Commission, can also be defined as actors in and for the HE systems. In summary, actors are individuals or legal entities that show interest and participate in the social legitimization and construction of the institutional system of HE. These actors form a network of actors in the HE system and while analyzing how agency is reasoned in relation to the actors, changes in the institutional logic of governance might be revealed.

1.2 Research gap

The decision to study the governance logic in Finnish HE was easy to make. As presented earlier, Finland has been and is going through historically big reforms considering the HE policy and governance in the country, which can be used as an argument of a possible shift in the logic of the governance. Arguments to support my decision are plenty in many observations of the present HE literature and policy. Osborne (2010) states in the introduction of his book "The New Public Governance?" that "*recent academic research has highlighted concerns about the intra-organizational focus and limitations*" of the NPM approach. Intra-organizational focuses seem to have entered dominant role in the governance of the Finnish HE system. The changing institutional environments for public sectors have been also studied for example as hybrid organizations, referring to public institutions having characteristics from both public and private sector (Johanson & Vakkuri, 2017), but also as several different governance models such as New Public Service (Denhardt & Denhardt, 2000), Digital Era Governance (Margetts & Dunleavy, 2013) and Neo-Weberian State (Pollitt & Bouckaert, 2011). NPM and shifts to governance-related models have been studied in different parts of the public administration, such as in the context of public accounting reforms (Hyndman et al, 2014) or partially applied, such as in Burton Clark's (1998) work on entrepreneurial universities.

NPM and managerialism have already been a research subject in the Finnish education system, and for example Ojala (2003) has conceptualized the Finnish reform in the public administration of educational institutions as a shift from a professional-bureaucratic model to a professional-managerial model. Ojala concluded in his education system level comparison of Western countries and examination of rectors' attitudes that the Finnish educational system is becoming similar to countries which have more managerial characteristics, especially considering the structure of the funding, and that a managerial influence can be recognized in the rectors' attitudes as an emerging strategic component. The top-leaders of the education institutions face "*extra-organizational demands and pressures*" that are mainly related to the societal and normative environments of the education institutions. (Ojala, 2003.) Likewise, in the other education sectors of Finnish public administration, it seems that NPM has rooted itself in the field of HE as the main governance and administrative logic and form of coordination.

In addition to Ojala's (2003) broad and important work on managerialism in the Finnish education system, there are more recent findings and perspectives. There are many institutional logics established during a long history of institutionalization and institutional change, and managerialism is in this sense a rather newcomer. For example, in the Finnish HE system, Rinne et al (2012, p. 13) propose two differentiating ideational backgrounds: the discourse of the protectors of the traditional model of universities and the late discourse of renewing the HE system in the name of market-orientation. In addition, Broucker and De Wit (2015, p. 60) argue that NPM is being introduced in "*Europe and beyond*" in large extent, "*be it quite often partially*". Reale and Primeri (2015) argue that major changes in the main narrative of the public management regarding HE are happening through NPM, network governance and NPG models. One example of such changes in Finnish HE can be found in a recent report of the Ministry (OKM, 2016d). The steering through the indicator-based funding model of the Ministry has become greater than the University Act; economical and administrative autonomy has increased in other funding sectors than what is stated in the funding model; and the decision making in the management of the universities has become more efficient. According to the report, the fundamental possibilities to include different actors of HE to be a part of decision making still exist, but it seems that the recent reform has emphasized the role of leadership and management to the extent where the university community has drawn back from decision making. (OKM, 2016, p. 77.)

NPM has been the concern and of research interest in the context of HE research, but NPG as a theoretical governance model has remained as an under-researched topic. NPM and NPG are not understood as opposing theories, but instead NPG is understood as a theory developed from the theoretical assumptions and empirical findings of NPM reforms (for more, see Pollitt & Bouckaert, 2011) and the characteristics of these both governance logics are assumed to coexist simultaneously in public service systems such as the HE system.

From classical HE research, the HE system is a complex political institutional system (for example Baldridge, 1971; 1983; Clark, 1983; Birnbaum, 1988). I understand universities as complex, loosely-coupled educational organizations (Weick, 1973) with bottom-heavy value creation and an in-built organizational matrix of discipline level value chain meeting administrative value chain (Clark, 1983; Birnbaum, 1988). Acknowledging the complexity and the political nature of the HEIs, I argue that a more systemic perspective to HE governance logic is an important research topic to be studied. I assume that NPM logic is in dominant position in the HE system governance at least partly because the coupling in the system is considered as more inefficient (loose variables) than it in reality is, with its complex relationships and variables (Glassman, 1973; Weick, 1976). This has also changed the governance of HE according to the NPM logic and enhanced the financial and budgetary autonomy and, for example, the entrepreneurial nature of HEIs (Clark, 1998). Because of the strong characteristic of the HE system as a political system, this research connects traditions from administrative sciences, HE studies and political science. These varying traditions are connected by the concept of institutional logics and an emphasis on agency. Governance is assumed to be based on "truths" and taken-for-granted myths and is continuously co-produced through discourses by various actors in the system, in different degrees. The amount of power and influential capabilities of each actor inside the system is dependent on the agency of the actor. Discursive behaviour inside the HE system both happens according to the institutional logics and also continuously constructs the logics. Actors' agency is affected by the institutional governance logic, according to which also the governance and the decision making are made.

In addition, many levels of governance activities exist, such as the institutional logic of the activities proposed and implemented by the Ministry, but also in the governance of the HEIs and faculties considering the service delivery of the public service system. In this research, governance always refers to the system level steering activities with the Ministry as the subject of governance. The theoretical models of public administration, specifically the logical elements of NPM and NPG, are applied on the governance of HE. For an overview of the use of institutional logics theories, see Thornton & Ocasio (2008) and for NPG, see Osborne (2006; 2010), or the Summary of the framework chapter.

The use of the concept of institutional logic and the model of NPG are both rather new fields of research in Finnish HE system. The theoretical work of this qualitative research builds a bridge over this research gap and provides an example of the application of the theoretical framework according to the chosen methodology, as argued and presented in the Methodology chapter. The concept of institutional logic is used to understand according to which logical core elements the governance happens in a HE system. Fitting NPM and NPG to the concept of institutional logic might not please every scholar, but I find the arguments supporting this perspective relevant and sufficient. The perspective is somewhat different to other administration and organizational theories in seeing the plurality and complexity of a social system and trying to make sense of it as it is, instead of focusing for example on the relationships of the Ministry and the HEIs (e.g. principal-agency theory) or economical transactions (organizational transaction cost theory). Applying theoretical governance models into the institutional setting of the Finnish HE system, I need context-based conceptualizing that fit the system. For this reason, later in the Theoretical framework chapter, HE system is also discussed in relation to the broader concept of public service systems. A need exists for a research design and framework for detailed analysis of the individual logical elements of the governance and steering in a HE system.

The steps taken in this research are connected with the help of the concept of institutional logic, which is discussed later in the Social constructionism and institutional theory chapter. The conceptualization of the two differentiating logical elements of the models of NPM and NPG are presented through a careful literature review in the Theoretical framework chapter. The methodological choices for choosing and analyzing the data are presented afterward.

1.3 Research question

After presenting the context, background and the research gap, the following **research question** is chosen to guide the research:

> *Is the main institutional governance logic of Finnish higher education system shifting from New Public Management to New Public Governance*?

The selection of asking if a shift from NPM to NPG exists is based on the recent discussion of NPG in the context of public service systems (Osborne, 2006; 2010). The main argument for this is based on the academic literature on HE, governance and public service systems. The perspective of NPM and its impact in HE reforms has been a substantial focus of HE research (Reale & Primeri, 2015; Kallio et al, 2017; Pollitt & Bouckaert, 2011). The emergence of the discussion of understanding governance as governing networks and from a more systemic perspective lead to the choices for the research question.

The main research question does not emphasize a historical perspective and thus, the assumed shift of the governance logics is more of a guiding principle – how many of the elements, and to what extent the logical elements of the models can be found? How are possible changes in the logics reasoned? Adding a deeper historical perspective to the question would highlight an expected or assumed change of reform in the public administration. This change might be either or both, a result of external powers and influence on the institutional structures and logics of the HE system, or as an endogenous change within the system. In my research question, the shift is not seen as purely merely happening or not happening, or as a question that demands a "yes or no" answer. To come into an exhaustive and comprehensive answer it would require many methods of data collection and analysis to be used and to use a relatively long historical perspective. Instead, the degrees and ways of change are highlighted and the findings are also reflected in the academic discussion of public administrations reforms. Thornton and Ocasio (2008, p. 115) have discussed change in institutional logics by categorizing it in four mechanisms: institutional entrepreneurs, structural overlap, event sequencing and competing institutional logics. From these mechanisms, the shift refers to structural overlap (past reforms in the HE system) and to the possible competing logics of NPM and a more endogenous logical approach to HE system as a network of actors, as seen in the model of NPG.

The following **sub-questions** provide support for the main research question and connect it to the chosen methodology:

> *How is practical reasoning used in the policy documents of Finnish higher education governance regarding funding and contractual steering between 2011-2016*?
>
> a. *What are the goals, actors, actions and values mentioned and how are they reasoned?*
> b. *How is agency described and given to different actors in the HE system*?

To understand the institutional governance logics in use, practical reasoning is used from the theoretical tradition of critical discourse analysis. Practical reasoning, as argued by Fairclough and Fairclough (2011), looks for main claims, goals, actors, actions and values in the discourses, and how they are reasoned as part of the main claim of the policy proposal. Agency becomes an important concept from the perspectives of discursive institutionalism (Schmidt, 2008) and NPG (Osborne, 2006; 2010), which both are later discussed in detail. The research questions and the chosen methods are also discussed later in the Methodology and Analysis chapters.

1.4 Research significance and limitations

The results of this research might be useful to any actor in the HE system of Finland, especially the actors participating and having access in the reasoning of the goals and measures related to the governance and steering. Additionally, for the purpose of future research, I provide a new theoretical model to analyze HE governance and to offer one application of the framework by providing a discourse analysis of the practical reasoning and logical elements in the discourses of related chosen policy documents. This perspective has not been studied in the field of Finnish HE research. I bring together three schools of thought to have a comprehensive perspective. The classical HE studies are presented both, in the Research gap chapter and Social constructionism and institutional change chapter, and argued in relation to the NPG model. The theoretical framework is based on a literature review of NPM, NPG and governance, also in the context of HE. I use the concept of institutional logics to understand the logical contents of these models to be able to compare them together, and in relation to the findings from the selected data. As discussed also in the Research gap chapter, both, the use of the concept of institutional logics and the model of NPG are new fields of research in the Finnish HE system and this research builds a bridge over this research gap. For actors and researchers who are interested in the reforms of the HE system, the framework and results of this research provide a deeper look into the details of the steering measures and their reasoning in the Finnish HE policies and governance.

The theoretical framework of the research is built for two purposes: first, for this research and the selected method of analyzing the practical reasoning used in the policy documents, and second, to provide a comprehensive theoretical perspective and a tool to be used in possible following research. Significance of the research paper increases as I provide a framework which can be used and applied for many methodological choices.

Limitations of the research. Limitations of this research are discussed in different parts of the research paper. The limitations are related to choices and meaningfulness of using the concept of institutional logics, conceptualizing HE system as a public service system through NPG model, used methods of analysis, data selection and the translation of the data from English to Finnish. All translations from Finnish to English are provided by the author. The original Finnish forms of the quotations can be found from footnotes on each page.

- Limitations related to possible biases are discussed in the Personal knowledge and possible biases chapter.
- Limitations for the use of institutional theory when examining change or governance as a use of power is discussed in the Philosophical perspectives chapter.
- The limitations of the theoretical choices and the framework are discussed in the Limitations of the framework chapter.
- Limitations of the methodological choices are discussed in the Limitations and challenges of the methodology chapter.
- Limitations of the findings and the results of the analysis are discussed in more detail in the Discussion and conclusions chapter.

1.5 Research structure

The structure of this research is based on six chapters. The introduction and research choices are discussed in this Introduction chapter and the philosophical perspectives and theoretical choices in the Philosophical perspectives chapter and Theoretical framework chapter. The methodological choices related to data selection, data handling and analysis are discussed in the Methodology chapter. Among other discussion and arguments, the first four chapters connect discursively reasoned governance to the organizational institutional theories, build a theoretical framework that provides the core logical elements of the models of NPM and NPG for the analysis, and argue the use of critical discourse analysis to interpret in which ways the governance is being reasoned in the Ministry’s policy documents. The Analysis chapter presents the data, analysis and findings. Fifth, and as the last part of the research, the Discussion and conclusions chapter summarizes the findings and presents the final discussion about the research choices, the framework and the methodology of the research.

1.6 Personal knowledge and possible biases

In this research, knowledge and ideas are seen as creation of social relations and the research is a dive into academic discussion and an attempt of connecting discourses to develop new knowledge and understanding. Choosing and arguing the choices for a theoretical framework to understand changing, continuously socially constructed and context-based reality in itself is a research decision, research contribution and is affected by my previous understanding of the phenomenon. An honest confession of previous understandings includes my background in studying in three different Finnish universities, being an active member of the universities' communities and participating in many discussions related to most of the sectors of HE, working both in the student communities and university administration and taking part in the quality management and assurance activities as both as an interviewee and a quality evaluator. Understanding HE system as a public service system might also derive from my previous studies in the field of social services.

From my experience and value-basis, values such as equality, equity, serving a common good and representative democratic principles exist in my understanding of how the activities, rules and institutions in a society should be arranged. They exist despite me as a researcher trying to completely separate them from my research work. This is not a unique research problem, but rather a common philosophical, moral and methodological challenge which is best dealt with writing it down as part of the research. Acknowledging the researcher's subjectivity in research the researcher can better avoid letting pre-values and understanding affect the outcomes of the research. After all, research, supervised and supported in a HEI, in spirit is to create new knowledge, but also to critically evaluate the new perspectives in the shadow of older knowledge and previous discussions, which in other words can be called a personal and a societal learning process.

Chapter 2: Philosophical perspectives

2.1 Social constructionism and institutional change

Some philosophical introduction is needed to connect different parts of a qualitative research together. The ideas of social constructionism and institutions form the basis for the theoretical framework and the methodology. This discussion leads the research paper to the framework and presents two theoretical models of governance and their logical core elements.

In the case of complex systems, reductionist approach, which explains a phenomenon by its main fundamental characteristics, is a usual way to theorize. I use social constructionism to understand complex social systems. In social constructionism knowledge, institutions and ideas are understood as constructed in everyday relations between people (Burr, 2015). Continuing and accepting the historical and cultural relativism of the nature of knowledge as understood in social constructionism, research on complex systems such as HE systems seems very interpretable. With pre-understanding and a long history of universities, empirical studies on HE systems give a starting point to make conclusions about the fundamental characteristics of this specific institutional system and its logic; and creating a simplification, a theory of what HE system is, to make decisions regarding it. (Burr, 2015.) Academic discussion is one example of sharing knowledge, ideas and theories of how certain phenomena of research interest happen or take place.

Social constructionism is also important for understanding how organizations, as institutions, become myths and are continuously socially constructed (Meyers & Rowan, 1977; Scott, 1995). A critical view of institutional theory is presented by Willmott (2015). Willmott discusses the challenges of institutions and institutionalized rules from the perspective of change, power and agency. He refers to the new development of institutional theory as institutional logics (referring to Thornton and Ocasio's research) providing a better understanding of change and power (Willmott, 2015, p. 1-4). This relation of an individual and the institutional rules and structures is referred to as embedded agency. The Foucauldian tradition refers to historical specific mechanisms which produce discourses related to what is thought as true in a certain time and place. Pierre Bourdieu (argued by Maton, 2012) has presented this difficult topic of (embedded) agency with the concepts of field and habitus (and capital): field referring to a setting in which actors, their social positions and the interactions between them are located, and habitus referring to the mental experience and the subjectification of objective social structures in an individual. This results in the habitus building a meaningful understanding of the surrounding world (or in this case, institution), including both unconscious and conscious sense-making of what the institution is and how to act in it.

Some constructed knowledge become myths and institutions and some ideas, like NPM, have become "ideologies" or "common sense" (Torres, 2011) or the "common ground" or "background knowledge" (Schmidt, 2008), which are referred to at often very broadly. Sharing their view, I see institutional governance logic as something between, first, the general knowledge and common sense shared in a cultural context, and second, in the interrelations between different actors as a discourse and a social representation of a background ideology (van Dijk, 2006). Institutional logic is assumed as a part of everyday social reality and at the same time also as a somewhat stable, hidden social structure, which has its foundation in the common institutional knowledge. This knowledge, as ideologies and theoretical models too, is understood as simplifications of complex social phenomena and systems, with explanatory power used for example in public administration. As the logic includes values guiding the implicit "truths", the logic is also normative in defining what is right and what is wrong in policy and decision making. These truths are the core elements according to which reasoning of steering takes place.

In organizational studies, Thornton and Ocasio (2008) have analyzed the conceptualization and theorization happening in and around the widely used concept of institutional logic. They argue the basis of the concept deriving from the new institutional theories as a new perspective:

> *"Institutional logics shape rational, mindful behavior, and individual and organizational actors have some hand in shaping and changing institutional logics."*
>
> "*– – [institutional logics as] socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality"* (Thornton & Ocasio, 2008, p. 100-101.)

Thus, governance is a socially constructed activity of governing patterns of material practices, assumptions, values, beliefs, et cetera. Continuing, governance happens according to a or several *institutional governance logics* and patterns of this or these logics can be found from argumentation and reasoning related to it, such as policy documents regarding governance and steering activities. In this way, the discursive behaviour of the Ministry, as the subject of governance, in its policy documents, might reveal the logical core elements behind the governance.

To be very exact, I place institutional logic between an ideology and discourse, for the following reason: discourses being connected to a specific institutional context and its fundamental characteristics, shared goals of institutions in an inter-institutional field, and ideologies being tightly connected to agency inside the institutional system. Following this idea, the normative assumptions of ideologies are included in the institutional governance logics which both shape the governance and the steering activities and are also constructed according to them. If some logical elements inside an institutional system seem to continuously occur again and again over time (as repeated and/or implicit truths, norms and myths), they are the institutionalized core of the dominant institutional logics. Following this idea, if changes in the logical construction of the governance and steering can be found, it could imply a logical shift and a change in the institutional logics, according to which the governance is taking place. An institutional governance logic is a dominating discourse of what is considered true in an institutional setting. This logic is found in different forms of control and power in a social system and the agency of the actors inside the system with set institutional rules. It is strongly connected to the questions of who is acting as a subject influencing power and for example writing the rules, criteria and indicators of what is considered good, and why and how; according to what logical thought structure it happens. These common, taken for granted truths might not be explicitly stated in the institutional discourses. Institutional logics are represented in discourses presented by the many and various actors interacting in the institutional field. They are embedded in the agency of the actors and the institution.

Schmidt (2008, p. 313) has presented a dual challenge related to institutions:

> *The challenge is both ontological (about what institutions are and how they are created, maintained and changed) and epistemological (about what we can know about institutions and what makes them continue or change with regards to interests and norms).* (Schmidt, 2008, p. 313.)

Following Schmidt's words, it is important to see how governance is being reasoned. Which claims are made and what measures are chosen to reach the set goals? What does this tell about the logic of steering the HE system of Finland? The idea of a governance logic in a HE system is a representation and a simplification of a very complex reality of, for example, interrelations, actors, policies, norms, different agendas and ways of planning and implementing ideas to achieve goals regarding an institution or an institutional system. In other words, this could be simplified by taking into account the administrative and organizational activities comprehensively, both the official decision-making activities and also the non-decision activities, which both through discourses take part in recreating, legitimizing and upholding the institution. Governance is not purely an official policy of the government or the Ministry, but instead can be seen in the complex institutional setting as a network of varying and even contradictory political goals, political power relations, official policies, public decision making, policy implementation, institutional actors and cultural context.

2.2 Discursive institutionalism and agency

In this research, university organizations are referred to and understood as higher education institutions, HEIs, and the system of HE is understood as an institutional field of HEIs. This is important for the understanding the research subject, governance model, as an institutional logic, according to which governance and the agency of different actors are based upon. I take a critical stance to institutional theory and emphasize change, power and agency. Institutions are seen as continuously socially structured in a discursive field, which can be critically perceived to reveal the ideational background of the discourses. Thus, actors continuously re-create institutions and interact and make sense according to the truths, rules and myths in the discursive field of the institution. These truths, rules and myths both form constraints and enable different actors in different ways, according to institutional logics, which again are based on ideational background.

HE system is a complex, political institutional system (Baldridge, 1971, 1983; Clark, 1983; Birnbaum, 1988). In my view, HEIs are highly institutionalized (meaning both, constrained and enabled to act) especially in the sense of their self-regulation and autonomy, but also from the political perspective. This creates room for many discourses and representations of how HE system and institutions are and should be constructed. In the case of Finnish HE system, I am interested in the unique institutional settings, institutions and the governance logic in use. They are seen through the concepts of institutional theory, emphasizing change and agency. Organizations understood as institutions in the context of HE has in the contemporary research been a sufficient way to understand a complex public and political organization such as a university or a HE system (for example Cai, 2010; Diogo, S. et al, 2015).

Organizations as myths and institutions (Meyers & Rowan, 1977; DiMaggio & Powell, 1983; 1991; Scott, 1995) give a theoretical tool to understand the basics of HE system from a systemic view. Scott (1995, p. 33) defines institutions consisting of "*cognitive, regulative and normative structures and of activities that provide stability and a meaning to social behaviour*", and argues that the structures take place in culture, social structure and routines. According to Scott (1995, p. 52), cognitive structures refers, first, to cognitive structural isomorphism of institutions and, second, to categories, identities, performance programs and scripts. Regulative structures are rules, laws, governance systems, power systems, protocols and standard procedures. By normative structures, Scott means values, expectations, regimes, authority systems, conformity and performance of duty. (Scott, 1995.)

DiMaggio's and Powell's concept of institutional isomorphism (1983) explains the phenomena of organizations becoming alike in an institutional field through different isomorphic elements, thus enforcing the similarities of HEIs in their specific HE context. In this way, a certain social system is understood as an institutional field. We can see the HE system as a system with autonomous institutions working inside a relatively closed institutional field with normative, economic and information means of steering and governance used by the Ministry. In governance discussion, Kjaer (2004) includes institutions by arguing that both sociological and rational approaches can be found from it, and Kjaer states the common definition of an institution as a social construct as following: formal and informal rules, behavioural codes and norms that constitute prescriptions ordering repeated, interdependent relation. Like Kjaer's argument, also DiMaggio's and Powell's (1991) neo-institutional theory and its predecessors have introduced institutional agency and institutional logic (see also Thornton & Ocasio, 2008), which consider and emphasize institutional change and shifts in institutions. According to Kjaer, change is a defining element of governance. Phillips, Lawrence and Hardy (2004, p. 638) continue from the idea of institutions as "*social constructions, produced through* *meaningful interaction*" to a discursive perspective where they add that these social constructions are also constituted and institutionalized through discourse.

In her perspective to discursive institutionalism, Schmidt (2008) argues and emphasizes the meaning of agency, the actions of actors in the discursive field and the ideational and discursive abilities of the actors. Schmidt also gives a detailed explanation of different levels of ideas and discourses working in different institutions and connects ideas to discourses and discourses to institutionalization. Schmidt (2008) categorizes two ways of making sense by actors: convincing in cognitive sense (justifiable) and persuasive in normative sense (appropriate or legitimate). Schmidt describes a successful discourse as to "get it right" in the "meaning context" according to "given logic of communication". One critical response to Schmidt's ideas has been presented by Stephen Bell (2012), who argues that Schmidt's emphasis on agency is too strong and, for example, that institution itself can be used to reshape the institution and create an emergent new form of it. One way to see what Bell implies is to simplify it as Bell seeing institutions as actors (or at least subjects) with whom actors interact with. They both argue that actors act based on their ideational drivers, but Schmidt's argument is that institutions are the context and a driver for continuous agency and structuring of the institution, and take part in the actors ideational setting - not outside of it. Schmidt makes a difference between academics who talk about "ideas as institutions" and others who talk about "institutions and ideas". My point of view is that actors at any given time make sense of their ideational setting and form understanding of the institution at hand. Institutions therefore are the result of different actors' discourses, and in the context of the use of power, control, governance and steering by the Ministry, some actors' discursive abilities are very likely stronger than others. Thus, the use of steering activities in the governance of the HE system is to shape the institutions towards a desired state.

It is important to look for reasoning and measures which include enabling or constraining actors in the HE system. In addition, from the point of view of the theoretical assumptions of NPG (Osborne, 2006; 2010), institutional logics and embedded agency (Thornton & Ocasio, 2008), it is of great importance to look for traces of agency in the reasoning. Thornton and Ocasio conclude their meta-analysis of institutional logics as following, emphasizing the effect of institutional logic to actors and agency:

"The institutional logics approach provides an important remedy to this theoretical drift away from institutional effects, by highlighting how the cultural dimensions of institutions both enable and constrain social action." (Thornton & Ocasio, 2008, p. 121)

In this way, the institutional governance logics of the models of NPM and NPG are connected to how HE system is continuously being socially constructed. An important remark must be made of the institutional logic as understood in this research: institutional logic refers to change, power and the embedded agency of the different institutional actors in the institutional system at hand.

Theories differ to an extent and some might be seemingly fitting to a context, luring the mind of a researcher or the institutional actors to its explanatory view. This might be the case not only with NPM but also with NPG, which is in the focus of the analysis. Placing NPM and its logical elements as an example of an institutional logic as a theoretical model, NPM is seen as an idea or ideology which is constantly and continuously reproduced in a HE system. They are parts and discourses in intentionally and unintentionally socially created institutions and agreements. In this way, for example, NPM-driven institutional logic and its emphasis on efficiency and input-output are deterministic myths that seemingly cannot be bust wide open because the truths related to it are not questioned. The models of PA, NPM, and NPG differ in their theoretical and logical content and conceptualization, and one theoretical limitation arguably exists in the comparison of these models. The meaningfulness of the comparison increases as the logical elements of the models are opened and discussed. Literature and academic discussion of both of the models used in the analysis, NPM and NPG, can be found in the following Theoretical framework chapter.

Chapter 3: Theoretical framework

Because of the broad topic and the fact that New Public Governance (NPG) has not been substantially applied in HE research, I deal with the challenge of presenting many concepts and conceptualizing them in this theoretical framework. Conceptualizing is an important part of research to "build a theoretical bridge" and create new academic discussion, in this case to better understand HE systems and governing them. The main theory in use is NPG, and it is supported by understanding the fundamental principles of New Public Management (NPM) model.

The theoretical choices for the research are based on literature regarding governance, governance in HE and both NPM and NPG. Rhodes categorizes the different meanings of governance as following: as minimal state, as corporate governance, as the new public management, as "good governance", as a socio-cybernetic system, and as self-organizing networks (Rhodes, 1996, p. 653). I discuss governance both as a socio-cybernetic, socially complex system and as self-organizing networks. Governance in the context of HE refers to the steering of HE and subjects and objects of the steering. The subject of governance and steering is not seen as an absolute controller of HE activities in a national HE system, but instead as the official and main governor of the HE system and autonomous HEIs. Steering can be divided into three main areas: normative, economical and information steering (Pekkola, Kivistö & Nokkala, 2014). Closer to the concept of governance in general, Reale and Primeri (2015) have defined the steering of HE system as referring to instruments and arrangements externally developed and aimed at controlling academic institutions and behaviours. They define government as actions of governing taken by institutional actors in charge (ibid.). In addition, according to them, governance refers to a change in the meaning of government and a new process of governing, and to social coordination in the making and implementation of rules to provide a collective good (Reale & Primeri, 2015). The subject of governance is assumed to govern the HE system according to an institutional logic or logics. Governance refers to a systemic understanding of networks of the HE system and the steering activities of the Ministry in the main areas of normative, economical and information steering. Governance is discussed in more detail later in relation to the concept of NPG.

The structure of this framework is following. **First,** the models of public administration are presented and the core elements of New Public Management (NPM) are discussed. **Second,** New Public Governance (NPG) is presented: HE is discussed in the context of public service systems, and then the focus is in the main theory of NPG and its fundamental core elements. Finally, **third**, I summarize these theoretical perspectives to a comprehensive framework and a theoretical toolset for analyzing the institutional governance logic of the Finnish HE system.

3.1 Public Administration

Three major phases of broad public administration models of public administration (PA) to NPM and in the late 2000s towards NPG are presented by Osborne (2006). These models are the dominant, broad public administration governance logics that are not seen as separate from each other, but instead the models are assumed to exist at the same time in a HE system, with different connotations in different times and places. The models also differ in their theoretical content and conceptualization.

According to Osborne (2006), the first phase of the public administration archetypes, PA, included key elements such as a dominance of the "rule of law", a focus on administering rules and guidelines, role of bureaucracy in policy making and implementation, a duality of politics and administration inside the public organizations, commitment to incremental budgeting and the hegemony of the professional in the public service system. Osborne argues that the critique the technical and hierarchical model of PA confronted in the 1970s gave way to the emerging model of NPM. Hood (1991, 7-8) argues that there were four reasons that might have brought NPM forth as the major governance logic of OECD countries: the socioeconomic changes and their relation to political changes; the changes in the socio-technical system serving to remove barriers between public and private sector work; the increased professionalism and power of political parties over experienced bureaucratic voices; and fourthly the more socially heterogeneous population not willing to accept the uniform policy solutions of PA.

Even though PA is a historical model, many of its assumptions of vertical hierarchy and the system of policy making and policy implementation and value-base of public-sector ethos (Osborne, 2006, p. 382) is still assumed to echo in the modern public service systems. Also, for example, Börzel and Risse (2010) have discussed the question of the possibility of governance to exist without state, and refer to a "shadow of hierarchy" and its functional equivalents.

3.2 New Public Management

NPM is not presented in this framework as an ideology, but instead the focus is in its logical elements which affect the decision making and agency in the public administration and the public service system. For detailed discussion about NPM and NPM in public administration reforms, see for example Pollitt's and Bouckaert's work (2011).

The most important recognized feature of NPM logic for this research is its focus on intra-organizational processes and management. In NPM, the efficiency of the service organizations' processes of input to output is an important principle, and the public service organizations are assumed, steered and regulated to compete in a more or less horizontally organized quasi-market. Also contracts that define these organizations' relationships with each other are used. (Osborne, 2006, p. 382.) Lähdesmäki (2003) has presented three principles, "E's", of NPM: economy, efficiency and effectiveness, and Ikola-Norrbacka & Lähdesmäki (2011) have added a fourth "E", ethics. Lepistö (2016) has presented a review of NPM in the context of HE and used seven principles to define NPM, and applying Lepistö and both Hood (1991) and Lähdesmäki (2003), the main NPM's doctrines and logical elements are as following:

1. Professional management and freedom to manage
2. Explicit standards and measures of performance (ex-post information)
3. Emphasis on output and results, and resource allocation linked to measured performance
4. Disaggregation of administrative units to corporatized units related to certain provision or production
5. Greater competition and public tendering procedures through markets or arranged quasi-markets, and rivalry as means to lower costs and increase efficiency
6. Emphasis on private sector style management tools and public leadership doctrines such as flexibility of hiring and rewarding

7. Disciplined parsimony in using resources to achieve more and better results with less resources

NPM has gathered a lot of critique, and for example in a wide literature review, Diefenbach (2009) has presented wide evidence of NPM's negative influence on public administrations, categorizing it in five core elements, which overlap with aforementioned elements:

1. Business environment and strategic objectives
2. Organizational structures and processes
3. Performance management and measurement systems
4. Management and managers
5. Employees and corporate culture

Diefenbach concludes in bringing forth NPM's found hypocrisies as contradictory emphases. According to Diefenbach (ibid.), NPM emphasizes at the same time not only centralization (of strategy, policy, budget and standards) but also decentralization. Continuing, NPM seems to institutionalize organizational change at same time as it also emphasizes the standardization of strategic and operational management. Additionally, Diefenbach (ibid.) argues of NPM's serious negative consequences on all five core elements, outnumbering the positive outcomes. Though focusing on a critical stance to highlight NPM's inconsistencies, Diefenbach admits "quite a few improvements" of NPM to the efficiency of public management activities (p. 905), as does also Torfing & Triantafillou (2013, p. 10) in NPM's "g*reater emphasis in public leadership, goal steering, and results*". It also seems that it is difficult to interpret to what extent NPM's logics bring the implicitly and explicitly promised good, and to what extent "n*ational histories and characteristic national patterns of institutions*" and for example language differences have had an impact. According to Pollitt and Bouckaert (2011, p. 12), there is variety to this perspective. Already in 1991, Hood (1991) has analyzed the portability and political neutrality of NPM and argued that the universality of NPM, through portability and neutrality, brings a "freedom to manage" in a given public administration context. NPM has brought into light many theoretical discourses, such as NPG, but also concepts such as New Public Service (Denhardt & Denhardt, 2000) Digital Era Governance (Margetts & Dunleavy, 2013) and Neo-Weberian State (Pollitt & Bouckaert, 2011). Moreover, NPM and shifts to governance-related models have been studied in different parts of administration, such as in the context of public accounting reforms (Hyndman et al, 2014) or applied, such as in Burton Clark's (1998) work on entrepreneurial universities.

NPM takes different forms in different public administration contexts and has proven to be a rather debatable topic. Different studies have also been done in understanding NPM's role in HE. NPM principles have been found to be part of HE systems globally, for example from Ethiopian case study of business management tools implementation by Mehari (2016), to Collins' and Rhoads' (2010) research on World Bank's HE policies and influence in the context of so called developing countries, and to Ojala's (2003) study of Western countries' education systems (discussed in detail in the Research gap chapter).

Reale and Primeri (2015) argue that major changes in the main narrative of public management regarding HE are happening through NPM, network governance and NPG models. They summarize the changes in recent HE governance as state and HE relationship being deeply modified, and as a move from control-based model to a steering model where state role is more nuanced. They argue of new actors intervening in the state and HEI relationship, increasing the role of the society, academics and markets. Overall, rational planning and control is increasing through readjustment of constituent elements, stronger state, student and local stakeholder involvement, increased democratization, emergence of HEIs' strategic management, planning, objective-setting and efficient use of resources and borrowing values and techniques from business world. (Reale & Primeri, 2015, p. 28-29.) Reale's and Primeri's arguments (ibid.) of the major changes in the public management of HE refer to a shift from NPM to NPG. In contrary to this perspective, according to Kallio et al (2017), a logical shift exists, from ex ante (planning-based) to ex post *(*monitoring and outcome-based) –oriented funding. Kallio et al studied the steering through funding in the Finnish HE system, and argue of the quality indicators (with the aim of high-quality) rather being quantitative – not qualitative, as their goal would imply. They refer to their previous studies (Kallio, 2014) and state that the performance measurement principles have also entered the HEIs' internal funding models. (Kallio et al, 2017.) This implies that the strengthened performance-based funding plays a crucial part in the current governance of Finnish HE and is of main relevance in the NPM logic.

Broucker and De Wit (2015, p. 60) have provided an overlook of NPM reforms in HE systems and argue: "*generally speaking, one could state that those [NPM)] reform tendencies aimed to increase the efficiency and the effectiveness of the HE sector in the same way governments* *have tried to do in other public sector organizations and domains*". They continue to argue, that the principles of NPM have been partially introduced in HE in Europe and elsewhere. It might be understandable that through the logical elements of NPM the autonomous HEIs have been expected to form a competitive field and a quasi-market, "*where the key governance mechanism is some combination of competition, the price mechanism and contractual relationships, depending upon which particular variant of the NPM one chooses to expound*" (Osborne, 2006, 382.) In addition, Broucker and De Wit (2015, p. 62) have presented four broad areas of NPM characteristics in HE: market-based reforms; budgetary reforms; autonomy, accountability and performance; and new management style and new management techniques.

In summary, the core elements of NPM in HE are:

1. The professionalization of management practices
2. Performance measurement and result-orientation
3. Emphasis of input-output efficiency and transaction costs
4. Disaggregation of administrative units
5. Quasi-market competition and public tendering
6. Private sector style management tools and doctrines
7. The disciplined parsimony of resource usage

These core elements form the first theoretical lens of the analysis. Next subchapters will explain in detail the core elements of NPG and how it can be and is connected to recent HE governance reforms and changes.

3.3 New Public Governance

NPG in academic discussion of public administration studies emerged in 2000s and was brought to attention by Osborne (2006; 2010), who presents it in contradiction with NPM and its predecessor PA. Osborne argues that NPG is a theoretical model to complement NPM and PA. In this research, NPG is used as a separate model, but shares some similarities with NPM and PA. Emphasizing systemic view to public administration and seeing its different administration sectors as public service systems and as complex social systems in a plural and pluralist state, the connotations of NPG's logic on the other hand greatly differ. The context of public service systems is often described as a socio-cybernetic system. Klijn (2008) uses the concept of governance networks and argues that governments are dependent on different actors in the public administration because of "*increasing complexity of challenges they face*", and that various actors are included in policy-making and implementation.

In the context of local governance studies, complexity has been understood as a major factor of governance activities (Haveri, 2006). According to Haveri, political consensus and political leadership should be found to establish a process of decision making and implementation and to pull different interests together inside an actor network. HE system can also be seen as service-dominant and many of the public services produced are abstract, leading to the idea of HE system as a complex system (discussed later in detail). Hence, similar political consensus and leadership could arguably be needed when governing a HE system. Osborne (2006) argues the complexity of political-administrative systems with the terms of plural state and pluralist state. Plural state refers to multiple interdependent actors contributing to the delivery of public services, and pluralist state to multiple processes informing the policy-making system (Osborne, 2006). Torfing & Triantafillou argue that a more analytical concept (than Osborne's) would be useful and present a concept for systematic data collection about "*whether ongoing political-administrative reform in liberal democracies may be characterized as NPG*" (Torfing & Triantafillou, 2013, p. 10).

It is important to mention that NPG research has been more of a European tradition and is not globally as well-known as it is in Europe. Additionally, it is important to see NPG deriving from the tradition of governance theories in political science. For example, according to Kjaer (2004), in the field of political science, the core concepts of governance theory are *legitimacy, efficiency, democracy* and *accountability*, which give a different starting point and connotation to NPG as a logical governance model when compared to NPM. Kjaer (2004) has also discussed the difficulties of defining the concept of governance and concluded, in similar way as Klijn (2008), that a major core of the varying definitions of governance is in the role of *networks in the pursuit of common goals*, and that the networks could be intergovernmental or inter-organizational (see for example Rhodes 2007); transnational (Kjaer is referring to Rosenau); or networks of trust and reciprocity (Kjaer is referring to Hyden). The ideational background knowledge of governance and the context-based institutional governance logics could be defined through many other concepts with different connotations such as a doctrine, policy, imposing authority, leadership model, hegemony, management ideology or even as broadly as a ‘neoliberal common sense’ (Torres, 2011). Recently, for example Reale and Primeri have included concepts of network governance and NPG to the academic discussion of the management and administration reforms in the field of HE (Reale & Primeri, 2015). Governance theories and NPM are not fully comparable, but when revealing the logical elements of them, their differences can be better compared and used as a theoretical tool.

In this framework, I emphasize HE system as a socio-cybernetic system, which is dynamic in its interrelations and the focus is in communication between the actors and the environment. Before discussing in more detail about the elements of NPG, it is necessary to discuss shortly of HE as a public service system.

3.3.1 Higher education as public service

In this research, HE is understood as public service and as part of public administration. This is done because much research on NPG is in the context of broader concept of public administration and-or more specific sectors of public services such as health and social care services or regional governance (for example, Haveri, 2006). A challenge lies in the comparison; for example, the actual mission, goals and principles of HE differ greatly from other public service sectors. This makes this theoretical framework interesting and experimental, but also draws some boundaries for the use of possible results.

Understanding HE as a service system acts as a theoretical tool and a bridge to connect NPG to the institutional field of HE system and to interpret the governance logic of HE system in Finland in a more coherent way. As this research grounds its fundamental epistemological ground in social constructionism, the complexity of HE public service system (complex social system) connected to the larger society is understood as varying in context, taking many forms and interpreted in different ways.

According to Harisalo (in Laitinen et al, 2013, p. 35; see also Lundström, 2011, p. 45), the main characteristics of a service are as following: service is immaterial and usually processual; the ownership of the service doesn't transfer during service; the service cannot be sold as it is; it isn't possible to effectively present the service before using it; service cannot be stored; the production of the service and its usage happen simultaneously; and the user of the service participates directly in the production of the service. The concept of public service can be defined for example as work that is done for someone. From a more functional perspective, a service can be understood as a function or a combination of functions, which are produced in interrelation with, in most cases, a service-user or a customer. A service takes place in a social situation where the target of services can refuse to receive the service. In addition, a service can happen between physical resources, commodities and systems, such as in the broad functions of a HE system providing knowledge for the use of the society. In public services these concepts are more complicated because they are guided by legislation, values and other coercive elements. (Lundström, 2011.)

Fairweather and Blalock (2015) argue on the uniqueness of HE as policy and government agencies, and emphasize that it is "*probably most evident in purpose of higher education*", including typical objectives such as knowledge production, participation of the community and development of research activities. Maassen and Stensaker (2011, p. 757-758) present universities as one of the most enduring social institutions (in Europe), and define the main functions of HE as "*the diffusion and formation of a dominant belief system, selection of elites, generation of new knowledge, and the training of the bureaucracy*". Torres (2011) has also done a categorization of the normative aspects of the functions of universities: a specific mission related to producing and preserving knowledge in different spheres of society; training and the education of labour force for labour markets; training civil servants; technological research supporting knowledge economy; participating in communication and information related technologies; innovation through interdisciplinary, multidisciplinary and transdisciplinary efforts; a role in extension and continuing education; and diffusing knowledge to larger society. In addition to listing key functions, he emphasizes that a descriptive list of traditional functions should not completely satisfy a critical researcher because of the moral issues of the thought of a good society and good education, broad political elements of education and the historicity of analytical theorizing and policies considering it. (Torres, 2011.) His remark is important regarding NPM logic, because even when fulfilling a satisfactory review and description of a HE system and its parts and for example setting up a finely detailed performance measurement system, the changing values and moral settings make room for interpretation and the continuous sense-making of what is important. In general, these categorizations give good examples of how plural and complex the HE system is as a public service system.

Applying the theoretical characteristics of a service and service system to HE system fit well, to an extent. Some of the HE services where the user end of the services is a broad community such as students, the state or even the national society (knowledge economy), are very complex and difficult to measure coherently. Co-production activities of teachers, researchers and students take place at the bottom value production in faculties; many actors participate in the production of the services. Production of higher knowledge in the society happens through a rough process of societal interests pressuring government, leading to the Ministry and finally to its policy and governance logic regarding HEIs. This process, in reality, is complex and multifaceted since the inputs of societal interests impact each administrative level of HE by many actors: the Ministry, HEIs and the bottom level of faculties, among others. In addition, as the HE services are more or less longitudinal in time scale (e.g. the co-production of educational degree with the student), the service outcomes vary abundantly and are often defined in the process of the service. Some HE services also happen between interest groups, organizations and systems instead of just between two or more individuals. Concluding, HE systems, as also other public service systems, are first, service-dominant networks in which actors together co-produce learning, new knowledge and innovations, and second, complex social systems with abstract goals. Through the many similarities of a service-dominant HE system with other public service systems and the theoretical conceptualizations of public services, NPG arguably can be used and is sufficient as a framework to analyze HE system governance logic.

3.3.2 Core concepts and elements of New Public Governance

According to Osborne (2010), the NPG model is based on institutional and network theories (such as open systems and neo-institutional theories). Governance in NPG assumes the state being both plural and pluralist, as described earlier. (Osborne, 2006; 2010.) Organizations and institutions are seen in their environments and the emphasis is in negotiations of values, meaning and relationships. Osborne, as does also Kinder (et al, 2016), conceptualizes the logic of resources of NPG as networks and relational contracts ("*new relationalities*" and relational, multifaceted accountabilities; see Kinder et al, 2016). Lastly, Osborne argues of a difference in the value base of NPG as dispersed and contested, instead of the "*public sector ethos*" in PA and the emphases on efficacy of competition in NPM (Osborne, 2010, p. 10). The major elements of public services seen as a system and a network of complex institutional linkages are also argued by Rhodes (2007). These institutional linkages are tight and loose variables of coupling (Weick, 1976) between the parts of the system. Kinder et al (ibid.) discuss service design and delivery in the public service system, which in NPG includes the concept of co-production.

As an example of the logical differences of NPM and NPG in HE, the role of a student could be seen in two very different ways: in NPM as a customer and a consumer of HE services; or in NPG as an actor taking part in the production of HE services (co-production) and continuously negotiating the underlying values of a HEI with other actors in the network of the HE service system. With the background ideational assumptions of plurality and a pluralist service system, the logical elements of NPG allow to contest the assumed roles of different actors and to bring a variety of values from different actors to affect the decision making and steering activities of HE. Instead of the intra-organizational efficacy and input-output thinking of NPM, the focus of NPG shifts into the system level, inter-organizational relationships and multiple processes. After a literature review of NPG (including Osborne, 2006; 2010; Rhodes 2007; Hatem, Stenvall & Virtanen, 2016; Haveri 2006; Reale & Primeri, 2015; Weick, 1976; Kjaer, 2004; Hakari, 2013), its core elements are presented as the following:

- Loose-coupling
- Public services understood as a network of actors
- Service-dominant logic
- Co-production
- Multifaceted accountability

Next, I present each of these core elements of NPG one by one. Lastly, the chapter ends with a summary of the theoretical framework.

The loosely-coupled higher education system

Weick (1976) explains loose-coupling in the context of educational institutions by presenting the concepts of certification and inspection activities and discusses loose-coupling from the perspectives of dependent and independent variables in a loosely-coupled institutional setting. An understanding of a system with characteristic of loose-coupling could be more precise if tight and loose, dependent and independent variables such as accountable actors and interest groups inside the system are identified. Weick emphasizes that loose-coupling in itself should not be used as an explanation because of the many connotations and meanings that are given to loose-coupling (Weick 1976, 16). If a system is recognized as loosely-coupled, conceptual tools such as NPG could be used to preserve and make clear of the understanding. After Weick's article on educational organizations and systems as loosely-coupled systems, there has been research and discussion on identifying the fundamental characteristic of HEIs and HE systems (Clark 1983; Birnbaum 1988) who have strengthened the discourse of the existence of loose-coupling. This logical element of NPG model emphasizes the loose relationships between different organizational "units" and groups inside the institutional system and is close to the idea of network of actors and their relationships and contractual processes with each other.

A critical remark might be added regarding the normative aspect of loose-coupled system; is it good or a bad feature of the system, if it changes its logical elements towards tight coupling? An attempt of implementing the some of the principles of NPM to HE, in the institutional level, was done by Clark (1998) as a model of entrepreneurial university resulting in rather complicated organizational model and recommendations that emphasized institutional autonomy. The shadows of Clark's model fall on right soil; in the complexity of loosely-coupled HE system, the most accurate information about tight and loose variables seems to lie in the hands of different actors and interest groups inside the system. For example, this would imply that the best knowledge of learning is in the hands of the student and the teacher, the impact of the research publications is best evaluated at the disciplinary level, and the need for financial resources to arrange teaching and other academic activities is best analyzed in the hands and negotiations of the institutional level management and the academic units. In the academic HE literature, the result of applying NPM in the system follows with complicated theoretical conceptualizations and seems to be far from simple.

Overall, the element of loose-coupling in HE systems and HEIs gives a perspective of a loose network of actors with different levels of loose and tight variables in their interrelations. As part of NPG in this framework, the logical element of loose-coupling puts emphasis in these variables and how they are seen in the governance logic.

Public services understood as a network of actors

Understanding a service system as a network of actors is also an important emphasis in NPG. Rhodes (2007) defines networks as following: "*Shared values and norms are the glue which holds the complex set of relationships together; trust is essential for cooperative behaviour and, therefore, the existence of the network*". From Rhodes' perspective, networks as systems exist highly dependent on trust. Understanding HE system as a network gives room for connecting NPG the concept of institutional legitimacy, which is used widely in HE research. Notable for this research is the fact that the research on governance as network of actors was inspired from UK's shift to public services being produced by a mixed network of private and public institutions. In Finnish HE system the HEIs are all still public, even though some reforms considering their legal entity has come into force. On the other hand, when looking at HE system as a loosely-coupled system of groups of actors and interest groups, it is hard to deny the network-like organization of HE activities and services in the HE systems.

The assumptions of different roles of the institutional actors in the system change and are a strong normative part of any institution. NPG model does not provide a normative stance about who is more important than any other actors in the system. This happens only if the importance of some of the actors is regulated and coercive in the institutional system, such as in the case of the Ministry as the subject of governance in the Finnish HE system. One perspective could be that in the logic of NPG, the institutional actors are actors only if they have agency and can participate in the constant social construction of the institution and its logics. In this way, any found empirical evidence of neglecting the agency of some of the institutional actors could lead to the conclusion that the system is not fundamentally understood as a network of actors.

Service-dominant logic

HE system has been discussed earlier in this paper as a public service system, with service-dominant characteristics. The service-dominant logic refers to having a wider perspective to the public service system rather than conceptualizing the public services through concepts such as processes, products, customers and clients. It emphasizes service as the dominant element of the public administration (or management). I use this perspective because HE is based on knowledge production with abstract concepts such as societal influence, innovations, research, learning and teaching. The logic of services being dominant in public service systems' context has been discussed by Osborne (2010). Denhardt and Denhardt (2000) have argued of a new theory of public services, New Public Service, which claims the guiding principle of public service to be "s*erving rather than steering*". Their emphasis is in the democratic citizenship, which refers to understanding citizens as citizens as such, not merely as customers or clients. Having an understanding based on humanism, they present seven principles for public administration which emphasize, among others, democratism, dialogue considering shared values, citizenship, serving rather than steering, building coalitions and multifaceted accountability. The emphases on services and service delivery also have normative implications as it changes the logic of value creation. The service design is seen through the concept of co-production (Kinder et al., 2016; in the context of enterprises, see Vargo, 2014). In public administration such as a HE system, citizens as different actors and in different roles join managers and administrators in service design and production.

Co-production

Another perspective to see the governance activities in a public service is to use the concept of interactive governance, which according to Kooiman (2010) refers to governance as interactions, which again aim at solving societal problems and creating societal opportunities. From this perspective, the many services and public activities of a HE system are co-governed and co-produced via many actors. (Kooiman, 2010.) Co-production as a concept refers closer to the actual and measurable services taking place in the faculties, and inter-organizationally. Haveri's (2006) perspective of pulling the interests of different actors together inside a network is in line with the concept of co-production.

The classical separation, and perhaps a dilemma in public administration paradigm, of the spheres of politics and administration (for example, Reale & Primeri, 2015), makes it difficult to properly analyze when and where different actors as interest groups or organizational units should and can co-produce and interactively participate in the governance. Co-production, in other words, faces two challenges of categorization. First challenge is related to the division of politics (institutional actors, interest groups) and administration (subject of governance, managers) throughout the public service system. The second challenge is in the levels of governance, with the division of policy making and implementation (at the top and close to the Ministry) and the service delivery (in the HEIs and faculties).

According to NPG logic, the citizens using the public service system take part in the production of the services where and as they are, quite the opposite to, for example, what the logic of PA would argue with its emphasis on hierarchy and "public sector ethos". NPM logic, on the other hand, sees many institutional actors, especially the users of the public services, as customers who have customer rights to a good service. Co-production in the NPG logic is seen more broadly: user of the service is a citizen who participates in the production of the public services in many ways. This participation happens not only and indirectly affecting the politics through voting and hierarchy of public administration, but also in the activities and decision making in the universities, faculties or even in the classrooms. In other words, if a steering activity emphasizes only one specific role of an actor and argues of the institutional environment as given, it could be constraining or neglecting the agency. If a steering activity on the other hand leaves room for the actor or actors to autonomously affect the institutional environment, define their position, act in different roles and negotiate with other actors, the steering is enabling agency. Thus, the actor is a subject who participates in the production of the public services.

The concept of co-production in this sense, as discussed also in the chapter related to network of actors, understands actors as having direct agency in the service design and delivery of the public service system. Through participation and co-production in the service delivery and design, the actors also participate in the social construction and institutionalization of the dominant institutional logics. This also refers to the possibilities of the actors to enact their institutional environment, and the ideational background by contesting values.

Multifaceted accountability

Accountability plays a major role in NPM and NPG. In the academic discussions of public administration accountability is an important concept in the understanding of how responsibilities and power in administration and service system are divided. Kjaer (2004) argues that governance, in general, has a lot to do defining mechanisms of accountability. In the logics of PA and NPM, accountability is tight and hierarchical, as discussed earlier. In the model of NPG, accountability is understood as multifaceted and as processual flows inside the system. Hatem, Stenvall and Virtanen (2016) argue that in NPG, the perspective of accountability considers the service design and delivery as a process of continuous negotiation and co-production. Wider accountability includes the ideas of accountability as social acceptance and the concept of democratic accountability. (Hatem et al, 2016.) Participation of ideological groups of actors in the governing is thus one form of accountability among others, but it is of importance according to what logic the participation happens and how the groups can use power to call for accountability.

Applying a wider perspective to accountability in HEIs gives a new theoretical perspective to the governance of a HE system: negotiations inside a HEI consider the input-role of faculties, students, teachers, professors and other staff, and emphasizes the role of university management as a deliberative institutional actor. Similarly, as in the concept of co-production, the possibilities of the actors to include their values in the institutional (accountability) processes and to enact their environment defines the differences between more traditional and multifaceted accountability.

3.4 Limitations of the framework

A major limit for the use of the presented framework is the meaningfulness of understanding HE system as a public service system. For many aforementioned arguments of the uniqueness of HE as a public service system, one could argue that applying NPG is not suitable for HE systems. On the other hand, some authors have included concepts of network governance and NPG to the academic discussion about the management and administration reforms in the field of HE (for example Reale & Primeri, 2015). Also, as argued above, many fundamental characteristics of HE systems seem to overlap with the elements of NPG. The loose-coupling of educational organizations (Weick, 1976), especially universities and HEIs, supports this view.

A second limitation is related to understanding a governance model as a set institutional logic or logics. Arguably, in complex social systems, there are many institutional logics established during a long history of institutionalization and institutional change. For example, in the Finnish HE system, Rinne et al (2012, p. 13) propose two differentiating ideational backgrounds: the discourse of the protectors of the traditional model of universities and the discourse of renewing the HE system in the name of market-orientation. The chosen perspective of this research emphasizes institutional change and is in correlation with governance as a concept for a change and a new form of governing. Governance activities are both based and in interaction with many logical elements of the system. The activities also affect the same institutional logics through a sense making process of the actors in the HE system. The aforementioned logical core elements of the models of NPG and NPM form the framework. The reasoning of the discourses in the policy documents is compared and analyzed with this framework. Based on this framework, later, the chapter on the methodological choices will discuss the method of analyzing data with discourse analytical perspective.

3.5 Summary of the framework

In this framework, the Ministry is assumed to be the subject of governance, applying steering methods to govern HE activities and objects of governance. Universities and the HE system are seen both, as institutions and an institutional system, and a public service system, in which governance is conceptualized as taking place according to set institutional governance logic or logics. This adds a new perspective to the term governance, instead of, for example, it being merely a perspective of HEIs exchanging resources or the Ministry controlling an inter-organizational field following the logic of zero-sum game in Weberian thinking (argued for example by Rhodes, 2007). Institutional logic is the principles of a background strategy of steering institutional change process with strategically chosen discourses. Instead of emphasizing too much deliberate agency and neglecting the imperfect rationality of human agency, the institutional logic is understood to be more than this. It also emphasizes common sense, assumed path dependencies and "known truths" to be part of the logic of governance-related decisions and actions in an institution. These are assumed to exist in the discursive field of the institutional system of HE, for example in the reasoning of the governance activities and the chosen policies.

Public administration governance models of PA, NPM and NPG are presented, with focus on the last one presented as the most suitable model to explain the plurality and complexity of HE system as a complex public service system. Applying both Osborne (2010, p. 10.) and Hakari (2013, p. 37), I present a figure of the differences of PA, NPM and NPG. The logical elements of NPM and NPG logics, which are in the focus of this research, are not analogically comparable and this framework is set on purpose. The purpose of the study is not to compare NPM and NPG as they are, but to look for their logical contents in the discursive field of the selected data.

	Public administration	New Public Management	New Public Governance
Theoretical base	Political science, public administration and policy paradigm	Rational and public choice theories, management studies, transaction cost theories	Institutional theory, complex social system and network theories
Organizational form and the nature of the public service system	Unitary, closed system, up-down	Regulatory, autonomous disaggregated units, quasi-market, rational	Plural and pluralist, network of actors, loose-coupling, complexity, value-creation in network
Focus	The political system	Organizational and administrative units	Organization in its environment, institutional field, institutional system
Emphasized logical elements	Policy creation and implementation, policy process	Management of organizational resources and performance, input-output, business tools and management doctrines	Negotiation of values, meaning and relationships, co-production, multifaceted accountability, multiple processes
Resource allocation	Hierarchy	The market and competition, classical contracts	Networks and relational contracts
Underpinning values	Public sector ethos	Efficacy of competition and the market	Dispersed, contested and negotiated

Table 1. *PA, NPM and NPG differences in the context of HE* (applying Osborne, 2010; p. 10; Hakari 2013, p. 37.)

The model of PA still exists in public service systems as a historical logic of public administration and management with hierarchical and bureaucratic weight. For example, Börzel and Risse (2010) have discussed the question of the possibility of governance to exist without state, and refer to a “shadow of hierarchy” and its functional equivalents.

The core elements of NPM are:

- Professionalization of management practices
- Performance measurement and result-orientation
- Emphasis of input-output efficiency and transaction costs
- Disaggregation of administrative units
- Quasi-market competition and public tendering
- Private sector style management tools and doctrines
- Disciplined parsimony of resource usage

The core elements of NPG are:

- Service-dominant logic
- Public services understood as a network of actors
- Co-production
- Loose-coupling
- Multifaceted accountability

When applying any governance model to a HE system, I have considered the context-based institutional logic deriving from the fundamental characteristics of HE in general, such as the bottom-heavy nature of a loosely-coupled HE system, HEIs and faculties. The public service system of HE is a complex system: plural, in interdependent actors contributing to the delivery of public services, and pluralist, in multiple processes informing the policy making system. Values are created, held and given by many institutional actors, and many processual accountabilities exist between them in the HE governance network. From these perspectives, co-production between the many institutional actors becomes a fitting way to see how education and research is being produced. In addition, agency gains focus as a point of interest for the analysis.

Chapter 4: Methodology

4.1 Connecting the framework to a method

For this research, discourse analysis of policy documents was chosen as a method of applying the theoretical framework to the Finnish HE system. The main reason for this was to understand the logic of the governance used by the Ministry and to see how agency is connected with the different actors of the system in the governance logic. Other methodological choices for collecting data (instead of institutional system level policy documents) could be used, such as interviews or focusing on the HEI level. By choosing certain data for the analysis a researcher in the fields such as administrative or political sciences often confronts the dilemma of leaving some qualitative information aside. Policy documents contain certain kind of carefully placed information and argumentation related to policies. Interviews would emphasize deep personal knowledge based on experiences of an individual. This would also highlight the perspectives of different actors in the HE field and the universities. I chose to focus on the details and argumentation found in the policy documents and I acknowledge the fact that my understanding of the governance logic emphasizes the subject of the governance more than the actors. Later in the Discussion and conclusions chapter, these research gaps and interests are discussed in relation to the findings of the analysis.

I analyze Finnish HE policy’s relation to NPM and NPG by going through policy documents and underlying discourses, arguments, set goals and for example how agency is defined in the policy argumentation. The overall purpose is to look for patterns of NPM and NPG logics and analyze how patterns appear in the governance, and as parts of it in coordination and steering, of HE used in Finland. The initial method is to critically evaluate the policy discourse through the argumentation framework provided by Fairclough and Fairclough (2011). Lastly, the findings are discussed in the context of the theoretical framework used and conclusions are drawn of what characteristics of NPM and NPG are and are not found, and if an assumed shift exists. An in-depth analysis of how governance is reasoned and represented in discourses is the main methodological choice.

The epistemological ground of this research is presented in detail in Chapter 2: Philosophical perspectives. Continuing the philosophical perspectives and using the analogy of van Dijk (2006) in categorizing ideas, institutional logics can be seen as ideologies (taking place in an institutional setting) from which there are different representations (discourses) taking place in and outside the institutions and institutional system. To be very exact, I place institutional logic between an ideology and discourse, for the following reason: discourses being connected to a specific institutional context and its fundamental characteristics, shared goals of institutions in an institutional field, and the ideology being tightly connected to agency inside the institutional system. When a discourse enters an institutional discursive field, it is conceptualized by the institutional logic dominant for the institutional setting of the Finnish HE system, but also the policy discourse itself tries to explain the main functions and values according to the logic and ideologies beyond it. The institutional logic and the assumed truths and premises shared in it affect the policy and governance, but also the discursive behaviour of the Ministry and other actors participates in the social construction of the institutional field. For this reason, the logic of governance is analyzed on the basis of official policy and decision-making documents with the help of the analysis of the practical reasoning in the policy discourse.

I remind of the assumption that the governance model and the logic of NPM is expected to be in a dominant position in the late HE governance in Finland, and that a shift towards NPG might be found by carefully analyzing the discourses of public HE governance documents of the Ministry. Placing assumptions of the reality and presenting a research question that includes an expectation of the results greatly challenges the analysis. For this reason, the methodological and analysis processes include four main steps. **First**, I discuss the theory of practical reasoning and agency in the context of my research and the limitations of the methodological choices. **Second**, I present the selection of the policy documents. **Third**, I focus on the data and the practical reasoning in it. To avoid the interference of the presumptions of my research question and to increase the neutrality of the analysis of the practical reasoning, the guidance of the research question is set aside for the third step. **Fourth**, I analyze the data from the perspective of the theoretical framework of my research.

4.2 Methodological approach: practical reasoning and agency

In my research, I emphasize governance as an institutional logic that is socially constructed and continuously socially represented in discourses related to the institutional system of Finnish HE. The legal position of the Ministry in the Finnish HE system is crucial in the construction of the governance logic related to it and this acts as the main argument for the methodological choices. The institutional logic could be the principles of a strong background strategy of the Ministry by steering institutional change process with strategically chosen discourses, but this might emphasize too much deliberate agency and neglect the imperfect, bounded rationality of human agency (Simon, 1997, p. 291). Institutional logic is understood to be more than this, as discussed in the Social constructionism and institutional change chapter, because it also emphasizes common sense, assumed path dependencies and "known truths" to be part of and affecting the logic taking place in an institutional setting. These emphases are deriving from background ideologies such as neoliberalism and form the most important parts of an institutional logic (background ideational knowledge).

Discursive institutionalism and the importance of agency. The seemingly deterministic assumption of the understanding of institutional theory, and specifically in this research the concept of institutional logics, has to be critically perceived; it is still the actors who through agency continuously, discursively structure the institutions. In other words, institutional change is emphasized. In Schmidt's (2008, p. 305) words, agency consists both deliberate and strategic discursive behaviour of the actor (foreground discursive abilities), and also the values, beliefs and ideological elements of the actor (background ideational abilities). The discursive behaviour includes practical reasoning on which the analysis is built in this research. In addition, both types of discursive behavior of the actor can be constrained or enabled by the institutional rules and logics.

As Schmidt (2008) presents her theory of discursive institutionalism, I also understand both ideologies and discourses existing in the continuous structuring of institutions, and how agency is an important factor of this. I am interested in how the policy text defines agency and different actors working in the institutional field of HE. Two of the core concepts of NPG, multifaceted accountability and co-production, understand the public service system being accountable to many actors taking part in the production of public services. Many processual flows of accountability exist and actors are seen in many overlapping roles such as citizens, producers, providers, customers and organizers, in addition to managers and politicians and their roles. Before setting the exact tools for the analysis, the main method, practical reasoning, is discussed.

Practical reasoning. As argued by Fairclough and Fairclough (2011, p. 245) practical reasoning is reasoning related to the question of "*what to do*". I am not interested in a general sense if the arguments are good or rationally persuasive, but instead what the arguments and the reasoning tell about the institutional logic of the governance in the Finnish HE system. In the context of using policy documents as a data source and in relation to the concepts of governance and steering of the HE system, this is a valid choice for the methodological approach. Policy documents regarding steering exist to reason the choices of the goals of the public sector of HE. Fairclough and Fairclough (2011) explain that in practical reasoning, goals are achieved through means, usually meaning an action that is connected to it. Through a certain action the goal can be achieved, but also many goals could be achieved through various means and actions. Selecting and arguing for specific means to achieve the desired end are the very core of reasoning, as is also the reasoning for the situational conditions and problems of the context where means-goals take place. Fairclough and Fairclough also argue that values are important for reasoning because values present the meaning and desire, which function as the motivational reasons behind the means-goals premise. In addition to these internal motivational reasons, which are based on values, means and goals could be reasoned based on external reasons. Such could happen in the HE system in for example a termination decision considering a certain degree program based on decreasing budget. In this example, the managers of a HEI would be doing something that they do not want to do, but are required to do in a more indirect way of following one's desires to obey coercive rules or demands. In summary, practical reasoning includes premises related to goals, means-goal, circumstances, values and the quality of actions for example in efficiency or cost-beneficiality. (Fairclough and Fairclough, 2011.)

A summary of the method. In a summary of my methodological perspective for the analysis of the data, the analysis is done the following way by adopting the framework of critical discourse analysis by Fairclough & Fairclough (2011) and applying Schmidt's (2008) conceptualization related to institutional settings and agency:

- Recognizing the main claims
- Recognizing goals
- Recognizing actors (and agency-related connected elements)
- Recognizing selected actions and measures
- Recognizing values and desires

The main claims are interpreted as overarching claims regarding the governance or the particular form of steering of the HE system. It is the basic idea of practical reasoning and it the claim includes certain measures and actions for the set goals to be achieved. Goals are expected to be both broad goals of HE policy (aimed at with the policy document) and also specific goals related to different sectors of HE. Actors and agency-related elements mean explicitly stated actors, but also actors that can be easily interpreted from the context and meaning of a measure presented (such as “research activities” which refers to actors with research responsibilities as actors behind the activity). Actions and measures are also connected to agency, but this refers more to the actions and measures which are not connected tightly to a certain actor. Finally, values are desires, principles and ethical guidelines and act as guiding elements or assumed truths and path dependencies in the background.

4.3 Limitations and challenges of the methodology

Assuming that a lot of arguments supporting the governance logic in use can be found from policy documents, a careful selection process of documents is needed. The method of analyzing the practical reasoning focuses on the policy documents reasoning the funding model of the research universities and the contractual steering between the Ministry and the HEIs. This leaves out the reasoning of the funding models of UAS institutions and is a limitation for the research outcome, though according the Ministry, the both university sectors share many similarities (OKM, 2016a; 2016b) considering the governance, steering, funding and evaluation of the HEIs.

As carefully meta-analyzed by Thornton and Ocasio (2008), institutional (governance) logics could be various and interpreted in even more various ways in the field of organizational studies. Selecting certain documents related to a specific steering activity such as the policy documents reasoning the policy choices for the funding of the HEIs might reveal different logical elements than selecting for example other areas of governance, or another level of governance. This possible limitation is discussed earlier in the Philosophical perspectives chapter and later in the Selection of the data subchapter.

Governance is not seen as purely an official policy of the Ministry, but instead it is seen in the complex institutional setting as a network of varying and even contradictory political goals, political power relations, official policies, public decision making, policy implementation, institutional actors and cultural context. A deeper view of the governance is gained with analyzing the practical reasoning. The limitations of this perspective are also clear; for a more comprehensive view of the institutional governance logics of the Finnish HE system, many actors inside the system should be used as a source of information. Limiting the sources to policy documents created in collaboration between representatives from the highest administration of HEIs and the Ministry, and between HEIs as organizations and the Ministry, some logical elements stay invisible. This also limits the results of the analysis and already sets a new challenge for later research in the same context, specifically in looking for information provided by other actors than just the Ministry and other interest groups taking part in the formation of the policy documents, which act as the data of this research.

In addition, the connection between the methodology and the framework, notwithstanding the philosophical discussion preceding them, might seem fragmented. This is prevented by reasoning, forming summaries of the chapters and paying attention to the structure of the research paper.

Another recognized challenge is the translation: the policy texts are in Finnish language and all the translations to English are done by the researcher with a good level of English language skill, and with the help of translation tools such as Google Translate and other helpful web pages such as WordReference (www.wordreference.com) and Linguee (www.linguee.com). To improve the translations, interpretations taking place in the process of analysis and the meaningfulness of the resulting research text, I have also used the services of the Language Center of the University of Tampere.

4.4 Selection of the data

The steering of the HE in Finland (OKM, 2015a, 21) consists of legislative steering, funding-based steering, information steering, agreement and feedback procedures, university visits, reports and specific reviews, evaluations, statistics and indicator-based follow-up, economic codes and lastly, as dialogue between different actors. The funding models of UAS are not included in the data because of the limitations set by the width of the thesis, but the funding model of the research universities is expected, to an extent, represent the system-level governance of the Finnish HE system. The Ministry (OKM, 2017c) defines that the policy recommendations and goals are set by the Government Programme of the Finnish Government and the action plan for the implementation of it. In addition to the legislation and the strategic goals set by the top public authorities, the steering of HEIs and other science institutions is also based on contracts negotiated between the Ministry and the HEIs. The chosen research questions guide my research into looking for traces of a shift between NPM and NPG logics. For this reason, I looked for policy documents from present time and some years back, dating the oldest documents to the year 2011. With funding and contractual steering as the selected forms of steering for the data collection, multiple elements of the institutional governance logic are assumed to be found.

4.4.1 Policy documents regarding the funding models

As the assumption of the dominant logic of the governance in Finnish HE is NPM, I focus on the steering through funding of the research universities. The funding models have been reformed lately and much discussion has been around the arguments behind the reforms. A detailed analysis of two policy documents (OKM, 2011a; 2015a) regarding the reform and an update of the funding model of research universities is provided. The selection of the reasoning regarding the funding models as the main data source is based on the following reasoning: the public funding model regarding HEIs is an important part of governance (economic steering and coordination), especially in the Finnish context, in which the great majority of the HE funding is public funding. The proposals for the funding models, Documents 1 and 2 (OKM, 2011a; 2015a) are produced by two working groups of the Ministry. In ministerial working groups, the following interest groups were represented: university rectors, university association, Finnish Academia (a public organization providing research funding) and the Ministry itself. The groups also had supportive legal expertise and working group secretaries from the Ministry. The Documents 1 and 2 are a product of interest of both the highest administration of the research universities and the Ministry, but also other interest groups may affect the outcomes by giving written feedback and comments or participating seminars and events organized by the Ministry and other actors of the Finnish HE system.

4.4.2 The shared policy goals and guidelines

The shared policy goals and guidelines for the contractual steering between the Ministry and the HEIs are also of interest in the analysis. For four years at a time, the contracts include the shared goals, institutional measures, goals regarding degrees and the funding related to them. The contracts focus on some of the most relevant broad issues and define how the set goals are expected to be reported (OKM, 2017c.) In addition, the Ministry has published documents giving guidelines and framework for the contractual periods.

The Documents 3 and 4 (OKM, 2015b; 2015c) are produced by the Ministry. Document 3 presents overall guidelines for the current contractual period. Document 4 gives specifying guidelines to complement the overall guidelines. The Ministry has also provided another document with identical or almost identical wordings and practical reasoning for the guidelines for the research universities at the same time, with small differentiating details for example in the dates for regional seminars and budget sizes.

Most of the contents of the contracts, Documents 5 and 6 (OKM, 2013; 2016c), are negotiated with individual HEIs. The common and shared goals for the whole HE system are presented as identical text parts in each contract negotiated between the Ministry and HEIs (OKM, 2013, p. 1-4; 2016c, p. 1-4). Because of only analyzing the identical contents of the first four pages of the contracts, the contracts for the analysis were chosen randomly amongst all contracts negotiated for the contractual periods of 2013-2016 and 2017-2020. These common political goals are not negotiated individually with each HEI.

4.4.3 List of the policy documents

In summary, a detailed analysis is provided of the Documents 1 and 2 regarding the funding model of the research universities (OKM, 2011a; 2015a) and the Documents 3, 4, 5 and 6 regarding contractual steering (OKM, 2015b; 2015c; 2013; 2016c). Proposals for the renewal of the funding models of research universities and the documents considering the guidelines and common goals of contractual steering are listed as follows in Table 2. In the following Analysis chapter, the steps of the analysis are presented and the findings are discussed in relation to the methodological choices and the theoretical framework.

Topic	Policy document
The funding model of research universities	**Document 1:** A proposal for the funding model of research universities starting from the year 2013. "*Laadukas, kansainvälinen, profiloitunut ja vaikuttava yliopisto - ehdotus yliopistojen rahoitusmalliksi vuodesta 2013 alkaen*" (OKM, 2011a). 50 pages.
	Document 2: A proposal for the funding model of research universities starting from the year 2017. "*Ehdotus yliopistojen rahoitusmalliksi 2017 alkaen*" (OKM, 2015a). 50 pages.
The contractual steering of HEIs	**Document 3:** The steering procedures of the Ministry of Education and Culture for the contractual period of 2017-2020, funding calculations and the reporting activities regarding the year 2014 "*Opetus- ja kulttuuriministeriön ohjauskäytänteet sopimuskaudella 2017–2020, rahoituslaskelmat ja vuoden 2014 toimintaa koskeva raportointi*" (OKM, 2015b). 5 pages.
	Document 4: Specifying guidelines of the Ministry of Education and Culture for the preparation of the contractual period of 2017-2020 and the negotiations taking place in the year 2016. "*Opetus- ja kulttuuriministeriön tarkentavat ohjeet sopimuskauden 2017–2020 valmisteluun ja vuonna 2016 käytäviin neuvotteluihin*" (OKM, 2015c). 5 pages.
	Document 5: The contract between the Ministry and the University of Lapland for the contractual period of 2013-2016. "*Opetus- ja kulttuuriministeriön ja Lapin yliopiston välinen sopimus kaudelle 2013-2016*" (OKM, 2013) Pages 1-4.
	Document 6: The contract between the Ministry and the Tampere University of Technology for the contractual period of 2017-2020. "*Opetus- ja kulttuuriministeriön ja Tampereen teknillisen yliopiston välinen sopimus vuosille 2017-2020*" (OKM, 2016c). Pages 1-4.

Table 2. *The chosen data, related to the funding models and contractual steering.*

Chapter 5: Analysis

The framework and the methods of approaching the data derive from the research question and the sub-questions, as presented in the Introduction chapter. The theoretical choices are discussed earlier and the summary of the framework can be found from the Summary of the framework chapter. The main question that guides the selections of the research is: *Is the main institutional governance logic of Finnish higher education system shifting from New Public Management to New Public Governance*? The following sub-questions help to find answers to the main research question: *How is practical reasoning used in the policy documents of Finnish higher education governance regarding funding and contractual steering between 2011-2016*?, *What are the goals, actors, actions and values mentioned and how are they reasoned?*, and *How is agency described and given to different actors in the HE system*?

Some parts of the policy documents are left out of the data and analysis such as attachments and subchapters including descriptions of the national HE systems of different countries, or attachments including exact legal wordings of the proposals in the policy document. It is also important to mention that the analysis focuses on the contents of the policy documents as a source of information regarding the institutional governance logic on which the practical reasoning is based – not the actual funding models or their contents legally in force at any given time. Thus, these policy documents, as proposals for a complete renewal of the funding model and an update to the existing funding model, might not be the content of the funding model that was officially introduced and put into force. The choices of the data collection are discussed in the previous chapter.

First, the discourse analysis analyzes the data from the perspective of practical reasoning. As presented in the Methodological approach: practical reasoning and discursive institutionalism subchapter, the following categorization is done:

- Recognizing the main claims
- Recognizing goals
- Recognizing actors (and agency-related connected elements)
- Recognizing selected actions and measures

- Recognizing values and desires

The findings are divided according to this categorization. The full lists of the data categorizations are provided as attachments of the research paper (Attachments 1-6). **Second**, the categorized findings are analyzed through the theoretical framework and are discussed and presented as the last part of this chapter. Quotations from the data, translated from Finnish to English, are provided to support the transparency of the analysis. All translations from Finnish to English are provided by the author. The original Finnish versions of the quotations can be found from footnotes on each specific page where the quotation appears. See the Summary of the framework chapter for more information about the theoretical choices.

5.1 Reasoning for the reform of the funding models

5.1.1 The funding model of research universities starting from the year 2013

The funding model of research universities	**Document 1:** A proposal for the funding model of research universities starting from the year 2013. "*Laadukas, kansainvälinen, profiloitunut ja vaikuttava yliopisto - ehdotus yliopistojen rahoitusmalliksi vuodesta 2013 alkaen*" (OKM, 2011a). 50 pages.

The proposal for the funding model of the research universities starting from the year 2013, "*Laadukas, kansainvälinen, profiloitunut ja vaikuttava yliopisto*", Document 1 (OKM, 2011a) consists of four different chapters which include the introduction, the description of the changes in the environment, an overlook to research university funding and funding models and the proposals of the working group to develop the funding model. Document 1 was produced by a working group established by the Ministry in 2011 and the purpose of the working group was to evaluate and renew the current funding model in force. The process of the preparation of the proposal was interactive and included an internet questionnaire and organized seminars for research universities. Certain experts from different research institutions and organizations, such as RUSE from University of Turku and Higher Education Group (HEG) from University of Tampere, provided comments and proposals for the preparation of the funding model. These expert proposals seem to have had a great impact on the formation of the funding model. The working group itself consisted of representatives from the Ministry, highest part of the research universities' administration and Universities Finland UNIFI association. (OKM, 2011a.)

The first chapter of the Document 1 includes a lengthy description and reasoning of the current state of Finnish society and different trends related to public sector, HE and HE funding. The institutional environment is presented to be in transformation. International cooperation and intensifying competition, the fragmentation of value chains, demographic development, the growing debt of the public economy and environmental challenges are presented to be parts of the change. Actors such as Asia, Africa and various countries are mentioned to have grown their political and economic value. These changes are argued to demand a change also in the HE activities: through investments in knowledge and expertise, the competitiveness improves, welfare increases and the culture, creativity and civilization are strengthened. An important reference is made to the national strategy (Government Programme of the Finnish Government) and to the Council of Research and Innovation of the Finnish Government, whose policy guidelines form a basis for the goals and measures presented in the Document 1. They are presented as demanding the following changes: renewal of structures of the HE system; reducing the organizational, functional and regional fragmentation; the development of distinct profiles and specialization in the strongest sectors of the HEIs; and developing the quality and effectivity of research. Every HEI in Finland is argued to be able to reach world class excellence in strong specific sectors of their own choice, referring to the goal of distinct strategic profiles and HEIs as subjects. In addition, the reasoning presents that the cooperation between different actors – HEIs, research institutions and the industry – should be intensified. In summary, the environmental changes such as the several mentions of intensifying international competition, the exogenous policy guidelines and the comparison of the Finnish HE system to the HE systems of other countries seem to build the most relevant arguments for the main claim of the policy document. (OKM, 2011a.)

The steering of HE systems is presented to be in a change process globally, leading to an argument that a direct steering of the HE system by the government is weakening, giving room to the HEI's own decision making. The aim of the funding models of both the research universities and UAS:

"– – must support the betterment of the quality of education and research, internationalization, the exploitation of the research results, the societal influence, and the development of strategic distinct profiles of the HEIs"[1] (OKM, 2011a, p. 13).

Reducing the amount of HEI in Finland is presented as a measure to achieve many goals: stronger and better quality HEI sector, world-class excellent research environments, high-quality doctoral education and research community, amongst others. A lengthy introduction and the description of environmental changes provide background information for the main claim of the Document 1: implementing the proposed funding model and measures included in it, the set goals for a good Finnish research university 2020 (a high-quality, more efficient international research university system with a stronger impact and a better-defined profile) can be achieved ("– – *is a step towards this vision.*"[2], ibid. p. 7). A full list of the categorization regarding the practical reasoning in the Document 1 can be found from the Attachment 2.

Presented goals in the proposal. The funding model is proposed to consist of three sectors: education, research and the other education and science policy objectives (OKM, 2011a, p. 33-34). Not including the societal influence of HEIs as a part of the funding model was explicitly argued:

"The societal influence of the [research] universities has not been seen necessary to include [in the funding model] as a separate factor especially based on its diverse and multidimensional nature. The [research] universities should nevertheless be able to describe their societal interaction in the society through different factors such as from the perspectives of their innovation activities, labour markets or the operating environment."[3]

The proposal for the improvement of the funding model is argued in the context of strategic thinking: it is based on strategic funding and strategic interactions between the Ministry and the research universities. The goal to achieve a better quality and more efficient research university sector is argued to be important and environmental changes such as demographic development must be taken into account. In addition, the increasing autonomy of research

[1] Translated from Finnish. *"– – [uudistettujen rahoitusmallien] tulee tukea opetuksen ja tutkimuksen laadun parantamista, kansainvälistymistä, tutkimustulosten hyödyntämistä, vaikuttavuutta ja korkeakoulujen profiloitumista vahvuusaloilleen.*" (OKM, 2011a, p. 13)

[2] Translated from Finnish. "– – *on askel kohti tätä tavoitetilaa*." (OKM, 2011a, p. 7)

[3] Translated from Finnish. "*Yliopistojen yhteiskunnallista vuorovaikutusta ei ole nähty tarpeelliseksi ottaa erillisenä tekijänä rahoitusmallissa huomioon erityisesti sen moni-ilmeisyyden ja -ulotteisuuden takia. Yliopistojen tulisi kuitenkin pystyä kuvaamaan vuorovaikutustaan yhteiskunnassa eri tekijöiden, kuten innovaatiotoimintansa, työmarkkinoiden tai alueellisen toimintaympäristön näkökulmasta*." (OKM, 2011a, p. 26)

universities should be supported. The tasks of the research universities, according to the University Act (558/2009), are the main reasons for the funding provided by the Ministry, which happens in the boundaries set by the government budgetary provision.

Proposed actions and measures. The proposal of the actual basic funding model, with its three sectors of education, research and the other education and science policy objectives, can be divided in smaller measures also with their own logics of reasoning.

- The education part (41% of the funding model) consists of criteria related to bachelor level graduates (15%), master level graduates (9%), study credits studied in open university and other studies (2%), the number of students who study the minimum of 55 study credits per academic year (11%), the graduates who have been employed (1%), the amount of international student who graduate (1%) and international student exchange (2%).
- The research part (34% of the funding model) consists of criteria related to doctoral level graduates (9%), publications (13%), competitive research funding (9%), the amount of international doctoral students who graduate (1%) and the amount of international education and research staff (2%).
- The part regarding other education and science policy objectives (25% of the funding model) consists of criteria related strategies of the research universities (10%), field-specific funding (8%) and the national tasks (7%). (OKM, 2011a, p. 34.) Each of these sub-measures are reasoned in detail.

One measure of the funding model is to use three years' averages as the basis of calculating the criteria. This implies of an understanding of the long time-scale of the public services produced and the time-scale of public reforms.

Mentions of actors and agency. The policy document includes a variety of mentions of different actors. Most actors are mentioned only once, but some actors get plenty of references such as students, who are mentioned in different contexts 47 times, or research universities (*yliopisto*) with more than 400 mentions. Administrative and management staff, which based on the theoretical framework could be assumed to exist in the governance reasoning, were not mentioned at all. Both, groups of individuals (for example researchers, students and teachers) and different institutions (such as Academy of Finland and Federation of Finnish Learned Societies TSV) are interpreted as actors. The existence of researchers was mostly only implicitly mentioned, in relation to a specific research activity, and not often as an explicit group. Several mentions of students are also found and in most cases, the mention of a student is connected to student being an actor that produces study credits (student role limited) and students as giving feedback (customer and citizen role). The strongest reference to student's role as a citizen, serving the motherland and humankind, can be found from the quotations from the University Act (OKM, 2011a, p. 9 & 31). One example of the roles of students in the funding model is also the measuring of producing as high percentage as possible of students who study 55 or more study credits within an academic year. Students in this way are presented as information objects or as predestined subjects with one purpose (strict role connected to producing study credits as part of their studies), and the purpose of the criterion is connected to other objectives.

> "*The criterion [related to the number of students who study 55 study credits] represents specifically the functioning and quality of the study processes. – – it must create incentives for [research] universities to arrange their education provision so that it supports graduation and engages the students in their studies.*"[4] (OKM, 2011a, p. 37)

Values and desires. The introduction of the policy documents starts with a quote from the University Act (558/2009), which defines a basis for the values and desires, respecting the legislative tasks. These values include a thrive "*to promote independent academic research as well as academic and artistic education, to provide research-based higher education and to educate students to serve their country and humanity at large*"[5]. The Programme of Prime Minister Jyrki Katainen's Government (Finnish Government, 2011) is used to reason choices of the policies. The betterment of the percentage of graduating students of all students, faster employment of the graduates, efficiency of the administration, internationality and creating distinct university profiles are set as guidelines for the change. Other desires and values are mentioned, such as high quality of education and research, how beneficial HE is to the society and to the citizens, survival (in a changing environment), economic and other competitiveness, freedom of choice for students in academic affairs and the autonomy of the universities. This suggests that there is a self-value of the idea of HEIs as autonomous institutions, strong

[4] Translated from Finnish. "*[55 opintopistettä suorittaneiden määrään perustuva] Rahoituskriteeri kuvaa erityisesti yliopiston opintoprosessien sujuvuutta ja laatua. – – sen on luotava kannusteita yliopistoille järjestää koulutustarjontansa siten, että se tukee tutkintojen suorittamista ja sitouttaa opiskelijat opintoihinsa.*" (OKM, 2011a, p. 37)

[5] Translate from Finnish. "– – *edistää vapaata tutkimusta sekä tieteellistä ja taiteellista sivistystä, antaa tutkimukseen perustuvaa ylintä opetusta sekä kasvattaa opiskelijoita palvelemaan isänmaata ja ihmiskuntaa*." (OKM, 2011a, p. 9)

university units, and of the autonomy of students. In addition, competitiveness and survival seem to form a context in which the autonomy takes place. Value is also seen in the interaction of the research universities with their surroundings in the society.

5.1.2 The funding model of research universities starting from the year 2017

The funding model of research universities	**Document 2:** A proposal for the funding model of research universities starting from the year 2017. "*Ehdotus yliopistojen rahoitusmalliksi 2017 alkaen*" (OKM, 2015a). 50 pages.

The Document 2, the proposal for the funding model of the research universities starting from the year 2017 (OKM, 2015a), consists of six chapters. The chapters include the introduction, the description of the changes in the environment of the HE system, the developmental goals and the framework of the research university and research policies, the societal effectiveness of the research universities and the cooperation of the universities, the proposals for the reform of the funding model and lastly, the long-term proposals for the development of the funding model. The Document 2 presents main claims for the reform of the funding model based on the economic situation of Finland with the defining of a crisis, public deficits and expectations of a slow economic recovery. The claim is that to achieve institutional autonomy, the strengthening of the development of distinct university profiles, transparency and predictability of the funding model, balance between basic and competition-based funding, and the goal of good quality, the proposed measures in the Document 2 should be taken. The reasoning for this claim is made in the abstract of the document by defining that if the reform and measures are taken, the national university and science political goals and the profile of the research university sector will be strengthened. A wide amount of goals, actors, measures and values were provided in the Document 2 and they are presented in the Attachment 3.

Presented goals in the proposal. The goals presented in the policy document cover many broad and specific areas of HE. The goals include, for example, securing the possibilities of long-term development of HE and HEIs, Finland being the top country of education globally and supporting the profile of the research university sector. Institutional autonomy, strengthening the development of distinct university profiles and transparency and predictability of the funding model are presented both as principles and goals of the reform. Some of the goals derive from the given task of the working group for producing the policy document: the proposal of the reform should be made so that it secures the possibilities of long-term development, encourages research universities to enhance quality and to act efficiently and economically. Other goals explicitly mentioned is to allocate the basic funding to universities which are more efficient, effective and successful regarding the results than the average of HEIs. Specific goals are presented in the context of the basic funding model and the three sectors of it. Some of these goals change as the proposed measure itself changes. For example, the goal related to measuring international exchanges is proposed to be changed into calculating the number of study credits studied in the exchange period, instead of the number of exchanges.

> "*In the funding model criterion is counted – – the number of earned study credits of – – incoming and outgoing exchange students [instead of the amount of the total number of them].*"[6] (OKM, 2015a, p. 29)

Proposed actions and measures. The measures in the funding model are proposed to take place in the old structure of the funding model which consists of three parts: education, research, and other education and science policy objectives. A possible addition as a computational funding criterion of societal engagement regarding the transfer, exploitation and the commercialization of research results is reasoned, but no change is proposed. The arguments for not proposing the criterion are related to the variety of possible indicators and the diversity of environments of HEIs. For this reason, the measuring of the societal engagement activities and impact of HEIs is preserved in the criteria of the strategic funding part. (OKM, 2015a, p. 21, 39.)

> "*– – problems regarding the measurement. There are only few reliable statistical measurement tools for measuring the societal interaction or influence of the universities. The measurement of the societal influence of innovation activities and regional development activities is especially difficult.*"[7](OKM, 2015a, p. 21)

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[6] Translated from Finnish. "*Lasketaan rahoitusmallitekijään – – opiskelijavaihtoon saapuneiden ja opiskelijavaihtoon lähteneiden – – [yhteismäärän sijaan] vaihdoissa suoritettuja opintopisteiden yhteismäärä.*" (OKM, 2015a, p. 29)

[7] Translated from Finnish. "*– – on todettu sen mittaamiseen liittyvät ongelmat. Korkeakoulujen yhteiskunnallisen vuorovaikutuksen tai vaikuttavuuden mittaamiseen on vain muutamia luotettavia*

The choice of not including field-specific funding principles is explicitly mentioned and arguments for this are presented (OKM, 2015a, p. 19). This is analyzed as emphasizing HEI's role in defining funding criteria for different academic fields, and that the competitiveness of the institutions means also that the quality of all fields increases. Evaluation of the impacts of the funding models of HE (for both the whole HE system) are presented as a measure to understand if the reforms of the models have been successful and sufficient, and to produce information of the needs for development and renewal of the institutions.

Some measures in the policy text are not new proposals. For example, the funding mechanism of counting all completed degrees in one HEI is reasoned to exist to encourage HEIs to look for alternative sources of funding the activities of the HEI. According to the logic of the measure, a degree funded with, for example, ESR or other funding sources also increases the basic funding provided.

> *"This has been considered as a meaningful mechanism of the funding model, because it encourages the universities to contribute in acquiring also other [than state] funding for the degree education.*"[8] (OKM. 2015a, p. 28)

In addition, tuition fees are given as an example of new income for HEIs, though explicitly mentioned that only to a given extent; it is a goal which is negotiated in the contracts between the Ministry and the HEI (OKM, 2015a, p. 28.)

The proposal of the reformed basic funding model, with its three sectors of education, research and the other education and science policy objectives, can be divided in smaller measures also with their own logics of reasoning.

- The proposed education part, which comprises 41% of the funding model, consists of criteria related to bachelor level graduates (14%), master level graduates (6%), study credits studied in open university and other studies (2%), the number of students who study the minimum of 55 study credits per academic year (12%), student feedback

tilastomittareita. Erityisen haastavaa on innovaatiotoiminnan ja alueellisen kehittämistoiminnan yhteiskunnallisen vaikuttavuuden mittaaminen." (OKM, 2015a, p. 21)

[8] Translated from Finnish. "*Tätä on pidetty rahoitusmallin kannalta tarkoituksenmukaisena mekanismina, sillä se kannustaa korkeakouluja hankkimaan osaltaan myös tutkintokoulutuksen rahoittamiseksi muuta rahoitusta.*" (OKM, 2015a, p. 28)

(3%), the graduates who have been employed (2%) and international student exchange (2%).

- The research part (33% of the funding model) consists of criteria related to doctoral level graduates (9%), publications (13%), competitive research funding (9%) and the amount of international education and research staff (2%).
- The part regarding other education and science policy objectives (25% of the funding model) consists of criteria related strategies of the research universities (10%), field-specific funding (9%) and the national tasks (7%). (OKM, 2015a, p. 36.)

An example of a specific measure in the new funding model is the increase in the percentage of measuring the number of students who study 55 or more study credits within an academic year from 8% of the previous proposal to 12%. The reasoning behind this proposal of a change seems to be based upon feedback and subjective experience of actors in the HE field. No reasoning is provided for the increased impact of this criterion (4 percentage points growth). (OKM, 2015a, 26-27.) The proposed changes in the funding criteria regarding research and other academic publications are reasoned in exceptional length compared to other reasoning in the document (ibid. p. 31-34).

Three measures are introduced at the end of the policy document as long-term proposals of changes: the emphasis on quality of employment instead of calculating the number of employed graduates, research foundation funding as a common criterion, and the criteria related to the impact of societal engagement of the research universities. The quality of employment is reasoned with two arguments, first related to the difficulty of measuring the phenomenon and secondly to the absence of universal practice of collecting information of graduate's employment. Developing the statistical program named *Aarresaari*, which is a network formed by the career services of the research universities, is presented as a long-term measure related to evaluation of the quality of employment. The criterion considering the funding from different foundations that provide research funding to HEIs is presented with challenges in the lack of knowledge of universal sources of foundation-based funding. Clarification work to provide information about these sources is presented as a measure. Finally, the criteria regarding the impact of societal engagement are argued to be more precisely evaluated through the means of the HEIs themselves producing information about their societal engagement activities.

"– – instead of organized evaluation of the quality and impact of research, it has been evaluated in the processes initiated by the [research] universities by themselves and in the field-specific evaluations by the Finnish Academy. – – More insight of the quality of [research] activities and of the evaluation of the future plans can be gained by using peer evaluation."[9] (OKM, 2015a, p. 39)

Mentions of actors and agency. Actors and agency in the policy text are presented in their plurality. Many are mentioned and in different logical contexts. For example, a seemingly debatable topic of the funding criteria related to research and other academic publications is specifically reasoned in the context of its network of actors. Before the policy document presents the actual measure and change to the criteria of the publications, the preparatory policy work of creating this criterion is presented. In 2010, from the initiative of the Universities Finland Unifi association, a publication forum was established with a variety of representation from different actors such as the major disciplines of research universities, Federation of Finnish Learned Societies (TSV), Universities Finland UNIFI, Council for Finnish University Libraries, The National Library of Finland and CSC IT Center for Science. The Document 2 presents the proposals of the publication forum as reasoning and arguments for the proposal of the document itself. Thus, many actors participate and clearly have agency in governing the funding criteria regarding research publications (ibid. p. 31).

"*The research categories of funding of the publication forum are decided by 23 field-specific evaluation panels' expert members. – – The current distribution of the funding of the research part is based on the proposal of the funding model working group that gave its final report in the year 2014.*"[10] (OKM, 2015a, p. 31)

In addition, for example considering the agency of students who participate in international exchanges, the proposed new measure ties the funding criteria to the amount of studied study credits in exchange instead of the mere amount of all exchanges. A shift, from the logic of thinking exchange as valuable *per se* to exchange as an action to produce study credits, can be seen. The impact of this in the allocation of the basic funding is argued to be prudent. (ibid. p. 26.)

[9] Translated from Finnish. "*– – organisoidun arvioinnin sijaan Suomessa yliopistojen tutkimuksen laatua ja vaikuttavuutta on arvioitu yliopistojen itse käynnistämissä prosesseissa ja Suomen Akatemian alakohtaisissa arvioinneissa. – – Vertaisarvioinnilla voidaan saada näkemystä [nykytutkimustoiminnan] laadusta ja arvioida tulevaisuuden suunnitelmia*." (OKM, 2015a, p. 39)

[10] Translated from Finnish. "*Julkaisufoorumien tasoluokituksista päättävät 23 tieteenaloittaisen arviointipaneelin asiantuntijajäsenet. – – Nykyinen tutkimusosion rahoituksen jakautuminen perustuu vuonna 2014 loppuraportin antaneen rahoitusmallityöryhmän esitykseen."* (OKM, 2015a, p. 31)

Values and desires. A clear emphasis on the document is seen in the main goals of the proposal: institutional autonomy, importance of distinct university profiles, transparency and predictability of the funding model and a balance between the basic and competition-based funding forms. These main goals form the basis of the values and desires, and they are explicitly argued to derive from the Government Plan of the Finnish Government. A good quality of education and research, efficiency, economy and societal influence are also mentioned.

5.2 Reasoning in the contractual steering

5.2.1 Guidelines and steering procedures for the contractual period of 2017-2020

The contractual steering of HEIs	**Document 3:** The steering procedures of the Ministry of Education and Culture for the contractual period of 2017-2020, funding calculations and the reporting activities regarding the year 2014 "*Opetus- ja kulttuuriministeriön ohjauskäytänteet sopimuskaudella 2017–2020, rahoituslaskelmat ja vuoden 2014 toimintaa koskeva raportointi*" (OKM, 2015b). 5 pages.
	Document 4: Specifying guidelines of the Ministry of Education and Culture for the preparation of the contractual period of 2017-2020 and the negotiations taking place in the year 2016. "*Opetus- ja kulttuuriministeriön tarkentavat ohjeet sopimuskauden 2017–2020 valmisteluun ja vuonna 2016 käytäviin neuvotteluihin*" (OKM, 2015c). 5 pages.

I analyzed the Documents 3 and 4 regarding the overall guidelines for the contractual period of 2017-2020. These policy documents present reasoning and background information in the form of specifying guidelines and steering procedures for the preparation of the contractual period 2017-2020 and for the actual negotiations taking place in the year 2016. The Document 3 (OKM, 2015b), presents guidelines for the contractual steering of UAS. The Document 4 (OKM, 2015c), gives specifying guidelines that complement the earlier, more general guidelines. Both refer to the same contractual period of 2017-2020. Because of the small amount of policy text (in total, 10 pages), the categorizations of both of the documents are presented in the same table in Attachment 4.

The main claims. The document presenting the more general guidelines for the contractual steering of UAS (OKM, 2015b) claims that in the contractual period 2017-2020, the contractual and feedback procedures will be renewed for the UAS, the funding calculations are informed to the UAS, and UAS must report their activities of the year 2014 according to the given rules. The Document 4 (OKM, 2015c) presents multiple goals from the Government Programme related to HE sector. The contents of the Government Programme of the Finnish government, as well as the renewal of the HE sector and the development of the degree structures of the HEIs, shall guide the preparations and negotiations of the contractual period.

Goals and objectives. The strategic funding of the basic funding model of the UAS includes a connected goal of allocating the strategic funding. UAS strategies that include overall strategic work and renewal of the structures as supportive measures for the UAS reform in general are the focus of allocation. (OKM, 2015b.)

Many goals deriving from the Government Programme of the Finnish Government are proposed in the Document 4. Goals vary from overarching goals of strengthening of employment and competitiveness, renewal of expertise and education, and improving welfare and health, to structural reforms and objectives for the university sectors. In short, more is demanded with fewer resources and in co-operation between other HE actors in the region Objectives are set also referring to competitiveness and commercialization. (OKM, 2015c, p. 1-3).

> "*– – [possibilities are created] to bring together different actors to create competitive concentrations, for prompt commercialization of research activities and to increase the flows of research funding and investments to Finland.*"[11] (OKM, 2015c, p. 3)

Stronger organizational units are mentioned and they are encouraged to collaborate between each other and create distinct strategic profiles. The environment for the HEIs is seen as a

[11] Translated from Finnish. "*[mahdollistetaan] eri tahojen osaamisen kokoaminen kilpailukykyisiksi keskittymiksi, tutkimustoiminnan ripeä kaupallistaminen sekä edistetään tutkimusrahoituksen ja investointien saamista Suomeen.*" (OKM, 2015c, p. 3)

network where different units, the society and the industry are in the customer role of public services.

> "– – *is necessary to focus resources to a fewer number of more influential and economically sustainable operational units than before. – – the collaboration between the research universities and the universities of applied sciences must progress in such way that from the national perspective, the different needs for expertise of the units, the society and the industry should be secured.*"[12] (OKM, 2015c, p. 3-4)

Actors and agency. The institutional autonomy of the HEIs and affiliated groups of actors are emphasized in both documents. The top administration of the HEIs is named to be the official negotiation partner with the Ministry, but also other groups are mentioned for example when reasoning visits to individual HEIs and arranging regional seminars together with the UAS and the research universities in the region (OKM, 2015b). The Document 4 presents shared agency as collaboration of HEIs and research institutions and bringing together expertise to create competitive concentrations (OKM, 2015c). The respected agency of the HEIs shows different face when inspecting the measures and goals for accountability:

> *"– – for the negotiations of the contractual period, the universities of applied sciences must send to the Ministry of Education and Culture – – a strategy – – that extends to the year 2020".*[13] (OKM, 2015b, p. 1.)
>
> *"The universities of applied sciences are requested to submit – – the reporting that is required in the contract, of the progress of the relevant development measures and other data that is relevant considering the implementation of the strategy."*[14] (OKM, 2015b, p. 4.)

The reporting activities required from the UAS demand reporting of development measures and other necessary follow-up material of their strategic work. The practical reasoning in the contractual steering includes pre-tasks and demands (such as strategies based on the policy objectives stated by the Ministry) for the UAS, and follow-up, for example in the form of reporting activities from previous years. (OKM, 2015b, p. 1, 4.)

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[12] Translated from Finnish. "*on välttämätöntä keskittää voimavaroja harvempiin, vaikuttavampiin ja taloudelliselta kantokyvyltään nykyistä vahvempiin toiminnallisiin yksiköihin. – – keskinäisessä yhteistyössä on edettävä siten, että valtakunnallisesti tarkastellen voidaan turvata yksiköiden, yhteiskunnan ja elinkeinoelämän erilaiset osaamistarpeet.*" (OKM, 2015c, p. 3-4)

[13] Translated from Finnish. *"– – sopimuskauden neuvotteluja varten ammattikorkeakoulujen tulee toimittaa opetus- ja kulttuuriministeriölle – – vähintään vuoden 2020 loppuun ulottuva – – strategia*." (OKM, 2015b, p. 1.)

[14] Translated from Finnish. "*Ammattikorkeakouluja pyydetään toimittamaan – – sopimuksessa edellytetty raportointi keskeisten kehittämistoimenpiteiden etenemisestä sekä muu strategian toimeenpanon kannalta tarkoituksenmukainen aineisto.*" (OKM, 2015b, p. 4.)

Actions and measures. A detailed description of the procedures related to the feedback to UAS (and research universities) by the Ministry, which refers to the Ministry presenting and understanding its responsibility in the contractual steering, but also defining the institutional limits for it. The Ministry proposes visits to individual HEIs and the arranging of regional seminars together with the local HEIs (OKM, 2015b, p. 2). The part of the Document 3 (OKM, 2015b) regarding funding calculations and other funding measures consists of description of these measures with the practical reasoning based on legislation. No negotiations or indicator-based agency for the HEIs is presented. Many measures related to budget provisions that come from the Finnish Government (such as halving the so-called UAS index in funding of UAS) are regulative. The overall funding measures, on the other hand, include the strategic funding part of the basic funding model. This measure is based on the strategic work of the HEI (OKM, 2015b, p. 3). The Document 4 clearly states measures that must be taken to achieve the set objectives. Encouragement for HEIs to merge is presented.

> "*The universities must create distinct strategic profiles, clarify and intensify collaboration and division of labour, between each other and also with research institutions, in education, research, support services, structures, infrastructures and international co-operation*"[15] (OKM, 2015c, p. 3)

> "*The ownership of the HEIs can be widened in such way that the concentrations of expertise become closer than before, and that their operations can be governed and planned as a single entity.*"[16] (OKM, 2015c, p. 4)

Values and desires. The government plan of Finnish Government and its contents set values and overarching desires to the main claim of the Document 4, but not explicitly mentioned in the Document 3.

> "*The resources of science and research are utilized in a more efficient and influential way. Commercialization progresses, research brings new growth to Finland and education export starts to grow strongly.*"[17] (OKM, 2015c, p. 2)

[15] Translated from Finnish. "*Korkeakoulujen on profiloiduttava, selkeytettävä ja tiivistettävä yhteistyötä ja työnjakoa niin keskenään kuin tutkimuslaitosten kanssa opetuksessa, tutkimuksessa, tukipalveluissa, rakenteissa ja infrastruktuureissa sekä kansainvälisessä yhteistyössä.*" (OKM, 2015c, p. 3)

[16] Translated from Finnish. "*Korkeakoulujen omistuspohjaa voidaan laajentaa siten, että osaamiskeskittymistä muodostuu nykyistä tiiviimpiä siten, että toimintaa voidaan johtaa ja suunnitella yhtenä kokonaisuutena.*" (OKM, 2015c, p. 4)

[17] Translated from Finnish. "*Tieteen ja tutkimuksen resursseja hyödynnetään tehokkaammalla ja vaikuttavammalla tavalla. Kaupallistaminen etenee, tutkimuksesta saadaan uutta kasvua Suomeen ja Suomen koulutusvienti lähtee voimakkaaseen kasvuun.*" (OKM, 2015c, p. 2)

5.2.2 Contracts between the Ministry and the universities

The contractual steering of HEIs	**Document 5:** The contract between the Ministry and the University of Lapland for the contractual period of 2013-2016. "*Opetus- ja kulttuuriministeriön ja Lapin yliopiston välinen sopimus kaudelle 2013-2016*" (OKM, 2013) Pages 1-4.
	Document 6: The contract between the Ministry and the Tampere University of Technology for the contractual period of 2017-2020. "*Opetus- ja kulttuuriministeriön ja Tampereen teknillisen yliopiston välinen sopimus vuosille 2017-2020*" (OKM, 2016c). Pages 1-4.

The contracts between the Ministry and universities include identical parts that are of interest for this research. The Ministry negotiates a contract with every research university and UAS in Finland as part of the contractual steering. The parts of interest are the set common and shared goals for every all HEIs in the HE system. Differing parts, including institution-based specific goals and measures, were left out of the analysis. As presented in the Selection of the data subchapter, the two contracts for this analysis are chosen randomly. Randomizing is done because of the identical contents of the parts related to common and shared goals for the whole HE system. All contracts made in the contractual period of 2013-2016 are identical in comparison with each other in the period. Similarly, all contracts made in the contractual period of 2017-2020 are identical in comparison to each other in the same period. For the contractual period of 2013-2016, the contract between the Ministry and University of Lapland was chosen (OKM, 2013, p. 1-4). For the contractual period 2017-2020, the contract between the Ministry and Tampere University of Technology was chosen (OKM, 2016c, p. 1-4). The full lists of the categorization of practical reasoning in the Documents 5 and 6 can be found from the Attachments 5 and 6.

The structure of the parts for the analysis are in both contractual periods quite similar only with small differences. The similarity implies that the contents and the reasoning of the shared goals of the whole HE system are previously negotiated and agreed by all HEIs in Finland. These goals set the starting point for the contractual steering through negotiations between the Ministry and the HEIs.

"*The [research] universities and the universities of applied sciences adopt objectives set in the Government Programme and the development plan for education and research 2011–2016 – –. To achieve the vision, the Ministry, [research] universities and the universities of applied sciences adopt the following measures – –*"[18] (OKM, 2013, p. 1)

Goals and objectives. The Document 5 covering the contractual period of 2013-2016 sets a main claim of achieving a high-quality, more international, more influential and more efficient HE system by year 2025. The Document 5 presents the vision to be achieved by taking the detailed five main measures and sub-goals:

- Strong HE units form the basis of expertise
- A high-quality education enables faster employment
- Competitiveness, welfare and influence through research and innovation
- Internationality for high-quality
- Improving the university communities

The Document 6 covering the contractual period of 2017-2020 sets almost similarly worded vision for the year 2025: a high-quality, more international, more influential and more efficient HE system that is internationally competitive, enables a Finnish society based on high expertise and the renewal of practices, and produces new expertise and knowledge to solve global, multidisciplinary problems. Four main measures and sub-goals are presented to achieve this vision:

- Strong HE units for the renewal of expertise
- A high-quality education enables faster employment
- Competitiveness, welfare and influence through research and innovation
- The university community as a resource

Actors and agency. Most mentions of actors in both documents consist of the Ministry, research universities and UAS. An interesting change from the previous contractual period of 2013-2016 to the period of 2017-2020 is the lack of specific mentions of research universities and UAS. Instead of specific names, both are mostly referred to as universities (in Finnish: *korkeakoulu*) with only a few mentions of the university types and their differences. The specific mentions connect research universities to goals related to research activities and UAS

[18] Translated from Finnish. "*Yliopistot ja ammattikorkeakoulut toteuttavat hallitusohjelmassa sekä koulutuksen ja tutkimuksen kehittämissuunnitelmassa 2011–2016 asetettuja tavoitteita – –. Tavoitetilan saavuttamiseksi OKM, yliopistot ja ammattikorkeakoulut toteuttavat seuraavat kehittämistoimet – –*" (OKM 2013, p. 1)

to applied research, development and innovation activities. A shift of the logic seems to treat both university types in a more similar way than before.

Cooperation between different actors in the field of HE is emphasized in both documents. These actors include the HEIs, research institutions, the industry, Academy of Finland and unspecified different actors of innovation systems. HEIs are institutions with specific characteristics which, in the best case, form together a comprehensive entity where different parts complement each other (OKM, 2013, p. 1). Other actors are also mentioned, but strongly connected to main claim, major objectives or actions. Students are mentioned four times in both documents (OKM, 2013; 2016c) and the university staff is mentioned two times in the latter document (OKM, 2016c). The focus is in the HEIs as main actors.

Actions and measures. Many actions and measures introduced in the policy documents are connected to both types of HEIs and some specifically for research universities or UAS. Many measures are expected to be taken together with the Ministry, other HEIs or other actors (in the regional or innovation system). The full list of actions and measures connected to the main measures and goals in the policy documents can be found from the Attachment 5 and Attachment 6. The shared parts of the contracts between the Ministry and HEIs are detailed with many measures and connected goals.

For example, emphases of the measures are in different structural renewals and development, such as leadership structures or study structures, and in the co-operative perspective to co-produce research with other actors in the innovation system of the region. In addition, measures include such as the improvement of IT systems and the development of internationality and equality-related structures and activities. Measures include wording and reasoning to strengthen, to develop, to improve certain sectors or activities, which implies that the set common goals for the whole HE system are mostly abstract and loose variables, according to which HEIs may act in different ways.

In the reasoning of the Document 6, the members of the university community are emphasized to include into the processes of different reforms (OKM, 2016c, p. 4). The members (the staff and the students are explicitly mentioned), should be able to affect and take responsibility for the changes taking place.

"*The universities listen to and engage the staff members and the students – – so that the members of the university community can affect and take responsibility of the changes.*"[19] (OKM, 2016c, p. 4.)

Values and desires. Values and desires that are explicitly presented in the Document 5 (OKM, 2013) are civilization, societal responsibility, sustainable development, ethical principles, commercialization, educational equality, and equity and gender equality in the access of HE. Additionally, values and principles provided in other governmental policy documents are mentioned to guide the HEIs and contractual steering. The values of equality and accessibility are explicitly connected to the university community and its members, emphasizing the staff and the students.

"*Universities are competitive, equal, accessible and interesting work and learning environments. Universities continue to take action to mainstream equality and to progress non-discrimination.*"[20] (OKM, 2013, p. 4)

Similar values are mentioned for the contractual period of 2017-2020: civilization, societal responsibility and influence, the principles of sustainable development and ethics. Equal opportunities of choices in academic affairs for the students also refers to equality as a strong value (OKM, 2016c, p. 3). The university community is desired to reflect the diversity of the population of Finland. According to the measure related to university communities are resources, cultural diversity should be strengthened in the area where the HEI is situated (ibid. p. 4.) Changes in the values and desires show a minor shift towards HE to represent diversity of the population and a slightly stronger discourse of increasing equality than for the contractual period of 2013-2016. Implicitly the emphasized co-operation between HEIs, research institutions, the industry and other private and public actors of innovation systems refers to a systemic view, where better results are achieved with co-operation of the actors.

[19] Translated from Finnish. "*Korkeakoulut kuulevat ja sitouttavat henkilöstöä ja opiskelijoita – – siten, että korkeakouluyhteisön jäsenet voivat vaikuttaa ja ottaa vastuuta muutoksista*." (OKM, 2016c, p. 4)
[20] Translated from Finnish. "*Korkeakoulut ovat kilpailukykyisiä, tasa-arvoisia, esteettömiä ja kiinnostavia työ- ja oppimisympäristöjä. Korkeakoulut jatkavat toimenpiteitä tasa-arvon valtavirtaistamiseksi ja yhdenvertaisuuden toteuttamiseksi.*" (OKM, 2013, p. 4)

5.3 The findings in comparison to NPM and NPG

5.3.1 General findings

The main claims of the documents propose that set goals and objectives are reached by taking the presented measures and actions. The main objectives also refer to values and desires and the ideational background of the discourses and practical reasoning. The main objectives of the funding model proposals, Documents 1 and 2, aim at better quality, more efficient international university system. Previous measures were taken in reforming the funding model in 2013 (OKM, 2011a), the measures taken in the update in the Document 2 (OKM, 2015a) are argued overall to be prudent in the scale of their impact. The shared goals and the guidelines and procedures for the contractual steering and the contractual periods for 2013–2016 and 2017–2020 present softer steering methods in the form of negotiations, seminars and collaboration between different actors (OKM, 2015b; 2015c; 2013; 2016c). The findings from the Documents 1 and 2 indicate that the part regarding other education and science policy objectives in the funding model offers a great deal of agency and autonomy to the HEIs. Documents 3 to 6, on the other hand, reveal detailed objectives, measures and indirect accountability of the institutional governance logic.

A categorization of the contents of the policy documents reveals some logical shifts in the sub-measures through inspecting their reasoning. The analysis of the policy documents includes a challenge in categorizing the findings in relation to the method of looking for practical reasoning of the policy. Occasionally, for example principles, such as institutional autonomy, are mentioned, but at the same time they also seem to be the goals of the main claim made in the policy document. Differentiating between what is a goal and what is a value that connects a desire to the claim is challenging. This is true also when analyzing the goals and measures. Some measures include the idea of also changing the goal related to it. These implicit changes can be interpreted as changes in the logic of the funding, steering and governance of HE.

The Documents 1 and 2 included measures and actions of three types: steering measures (from which the funding model with its criteria is one example), funding measures such as the basic funding or tuition fees, and third, the proposed actual measures to be implemented as changes as the content of the funding model. One logical implication of the purpose of the funding model is presented in the abstract of Document 1 (2011a, p 3.): "*The Ministry would allocate the funding to the universities in a lump sum. The university would distribute the funds within the university at its own discretion.*"[21] Thus, the governance logic of the funding model is presented to the system level of HE (or the research university sector and UAS sector), not as the institutional logic of HEIs.

Additionally, two general remarks can be made. The reasoning of the measures and goals seem to be longer and more detailed when the proposed change in the logic is substantial, and when the importance of the topic among the network of actors is high. Following an example regarding the funding criteria related to publications, in the research part of the basic funding model, the logic implies that the value of publications in their meaning in the funding model is a result of negotiations between the actors. In the Document 2, the proposal of the funding model of research universities (OKM, 2015a, p. 31-34), a lengthy description is presented of the many actors who have taken part in negotiating the proposed changes to the criterion. In the Document 1, the proposal of the funding model for the year 2013 (OKM, 2011, p. 40-41), the criterion is presented as temporary and waiting for the research-related actors of the network to negotiate its contents. This finding refers to an understanding of research activities from the perspective of NPG (network of actors, and the values seen as dispersed, contested and negotiated). Besides the emerging agency in the reasoning of the criterion related to publications, the reasoning of the societal influence of the HEIs emphasizes complexity as an argument for not including it as a calculated criterion to the funding model (OKM, 2011a, p. 26). The value production of the researchers seems to be of great importance and is considered both in the proposal of the measures related to it and in the provided reasoning. This example of the indicator related to research publications could imply that as the complexity increases, there is longer and more detailed reasoning demanded, and even an implication of outsourcing the decision making to other actors, such as to the HEIs themselves, as seen in the previous example.

[21] Translated from Finnish. " *Ministeriö kohdistaa rahoituksen yliopistolle yhtenä kokonaisuutena. Rahoituksen sisäisestä jaosta päättää yliopisto*." (2011a, p. 3)

5.3.2 The logical elements of the institutional governance logic

The findings indicate that logical elements from both the models of NPM and NPG are found from the practical reasoning of the policy documents related to the funding model of the research universities and the contractual steering. Following the set theoretical framework of NPM and NPG, I analyzed the categorization of the practical reasoning in comparison to the core elements of both models.

The core elements of NPM are:

- Professionalization of management practices
- Performance measurement and result-orientation
- Emphasis on input-output efficiency and transaction costs
- Disaggregation of administrative units
- Quasi-market competition and public tendering
- Private sector style management tools and doctrines
- Disciplined parsimony of resource usage

The core elements of NPG are:

- Service-dominant logic
- Public services understood as a network of actors
- Co-production
- Loose-coupling
- Multifaceted accountability

The organizational form and the nature of the public service system is argued to be complex, and various actors are mentioned in the documents. The HE system is understood to consist of a network of actors, although the assumed and given agency varies from actor to actor. Although complexity and network understanding can be found from the Documents 1 and 2 regarding the funding model, the logical elements of the NPM are strongly seen in the practical reasoning. The reform of the funding model and the main claims of the policy documents are based on increasing performance measurement and result-orientation, disaggregation of administrative units (strengthening the agency and autonomy of the institutions), quasi-market competition (and public tendering indirectly in the case of competitive research funding) and disciplined parsimony of resource usage ("more with less"). An emphasis of input-output efficiency is a guiding principle for HEIs and present in many of the indicators. The professionalization of management practices and using private sector style management tools and doctrines are not explicitly mentioned, but are implicitly included in the overall practical reasoning. For example, the HEIs and their institutional autonomy (agency) are greatly emphasized, but administrative and managerial staff are not mentioned as an actor in the network. Thus, the top administration and managerial staff are autonomous and responsible to the Ministry, but only in what is defined in the funding model as criteria.

The most autonomy of choices of the HEIs is seen in the measures related to their strategic choices, creating distinct strategic profiles, and in defining the goals and evaluating the impact of their societal influence (OKM, 2011a; 2015a). However, the strategic choices of the HEIs were included with many expectations, such as goals and measures related to co-operation with other institutional actors in the HE and innovation system (OKM, 2013; 2016c). Additionally, the guidelines and steering procedures for the contractual periods in the Documents 3 and 4 reveal accountability measures indirectly affecting the HEIs' autonomy in strategic choices with both pre-tasks and follow-up reporting (OKM, 2015b).

Many individual actors remain in normative positions, only able to affect the logic of steering through tight indicators and variables, and even in the cases of emphasized agency and sense making given to HEIs, the institutional rules (according to the practical reasoning related to the goals, values and measures) provide the context to act in and accountability takes place as indirect steering.

The findings in the Documents 5 and 6 related to contractual steering (OKM, 2013; 2016c) provide a perspective of HEIs sharing the production of many HE activities with research institutions, the industry and other private and public actors of innovation systems. HEIs are institutions with specific characteristics, which, in the best case, form together a comprehensive whole: "– – *a whole whose parts complement each other and work in close co-operation.*"[22] (OKM, 2013, p. 1). This refers to an understanding of the HE system as a network of actors, who work together for the society on the behalf of the public HE service system. Both, research

[22] Translated from Finnish. "– – *kokonaisuuden, jonka osat täydentävät toisiaan ja toimivat tiiviissä yhteistyössä.*" (OKM, 2013, p. 1)

universities and UAS are encouraged to negotiate between each other and other actors in the innovation system to form centers of expertise, and even merge into a governable organization form.

5.3.3 Co-production and HEIs seen as actors in the HE network

The documents define responsibilities and accountabilities and states that the Ministry is the subject of governance in the system, and the institutions are of their activities. The goal of the reform is to provide criteria and details of measurement for the HEIs (on a system level). The criteria are chosen so that the research universities can affect the funding through their own activities. Thus, the HEIs seem to be the main subjects and actors who are responsible regarding maximizing their funding. This is in line with the logic of NPM, as is also the desire of institutions to compete against each other in quasi-market-like conditions (mentions of competitiveness and competition are numerous in all the documents). For example, the funding increases when the competitiveness of an institution is better than the competitiveness of other HEIs.

The emphasized co-operation between HEIs, research institutions, the industry and other private and public actors of innovation systems refers to a systemic view, where better results are achieved with co-operation of the actors. The societal impact, in this way, is co-produced by many actors, in seeing different institutions and citizens as co-producing public services. Co-production in the practical reasoning of the documents refers more to co-governance where many actors or institutions participate in governing the public services to solve societal problems or achieve societal goals. It can be seen in the negotiations of the criteria related to research and other publications, where many research-related actors participate and co-produce the contents of the criteria.

Logical elements of NPG are also revealed in the Documents 3 to 6, related to the contractual steering of HEIs. Co-operation between different actors in the field of HE is emphasized in the Documents 5 and 6, related to the shared goals of the HE system, though these actors only include the HEIs, research institutions, the industry, Academy of Finland and unspecified different actors of innovation systems. In the Document 3, related to the guidelines of the contractual steering, the participation and agency are explicitly and implicitly mentioned (but not critically reasoned or approached) and refer to a network of actors and a co-production – conceptual thinking (OKM, 2015b, p. 2). In the many of the measures included in the contractual steering, the Ministry meets the top administration of the HEI, staff, stakeholders and students, such as in the visits to individual HEIs and the proposed regional seminars. This implies that these groups take part in the public service design and to an extent, in the institutionalization of the governance logics. Throughout the data, the Ministry and the HEIs are the major actors who can discursively participate in the institutionalization processes of the governance. Thus, the logic of co-production is used in the contractual steering regarding arrangements of participation for different groups, but not in the policy making and implementation, which is controlled largely by the Ministry and the top administration of HEIs.

5.3.4 Accountability

The HEIs are accountable to the Ministry. This is true, although indirectly, even in the sectors where the logics of NPG are seen, such as research publications and societal influence. Indirect accountability refers to negotiations instead of controlled calculations based on the proposed indicators. For example, the proposal of the renewed funding model, Document 2 (OKM, 2015a), has been prepared by representatives from the Ministry and the top administration of institutions. Agency in governance is, to an extent, shared. This implies that parts of NPG logic are included in the institutional governance logic, according to the reasoning in the funding model proposals (OKM, 2011a; 2015a). The accountability in the basic funding model is bound to the calculation of the absolute numbers in each of the indicators, although the parts of the funding model regarding strategies reveal a softer, negotiation-based view of accountability between the Ministry and the HEIs. From the perspective of multifaceted accountability, actors that take part in the negotiations of accountability are few: the Ministry and the HEIs; the Ministry and actors who participate in the production of research and other publications; and the Ministry, HEIs and the students when giving student feedback.

As there are no explicit mentions of administrative and managerial staff of the HEIs, the HEIs become independent entities who are expected to act strategically to maximize their funding according to the funding model. The top administration is both free to act as it wishes, but in the limits of the given institutional logic for the HEIs as funding indicators. This is true if they wish to affect the incoming public resources for the HEI. The accountability shifts to the multifaceted concept of NPG in the sector of societal influence of the HEIs. The societal value and influence of the HEIs are dispersed, multifaceted, plural and pluralist. This indicates that the institutional governance logic understands the accountability between HEIs and the surrounding society as complex and multifaceted. Accountability between the Ministry and the research universities, considering societal influence, is indirect; the research universities should be able to provide to the ministry a description of their societal activities (OKM, 2011a, p. 26).

Multifaceted accountability is also supported by the practical reasoning in the Document 3 related to the guidelines for the contractual period of 2017-2020 (OKM, 2015b). In the Document 3, HEIs are actors in a network, and the measures include visits to individual HEIs and meeting the administrative staff, other staff, stakeholders and students, and to arranging regional seminars together with the HEIs in the region. This participation of different actors indicates, though for the contractual steering and strategic funding only, of multifaceted accountability where different actors in the HEIs have a chance to meet with the representatives of the Ministry and they are encouraged to work in close collaboration with different actors of their region and innovation system (OKM, 2015b). In the contractual steering, according to the Document 6, the members of the university community are emphasized to include into the processes of different reforms (OKM, 2016c, p. 4). The actors are not seen to be mainly accountable to each other (horizontal, processual negotiations), but with a bottom-up emphasis, towards the Ministry. This vertical accountability, although loose and indirect, happens through *ex ante* pre-tasks and demands (such as strategies based on the policy objectives stated by the Ministry) and *ex post* follow-up in the form of reporting activities from previous years. (OKM, 2015b, p. 1, 4.) Negotiations are a form of processual bottom-up accountability, but some parts of the contractual steering refer to a multifaceted accountability.

As argued in the theoretical framework, the possibilities of the actors to include their values in the institutional (accountability) processes and to enact their environment defines the differences between more traditional and multifaceted accountabilities. The majority of the logical contents of the funding model and the contractual steering refer to a traditional understanding of accountability: performance measurement indicators as tight variables, and both *ex ante* (planning-based) and *ex post* (monitoring and outcome-based) logics as parts of the contractual steering. The overall picture is vertical bottom-up accountability through a variety of indicators and logical elements in the institutional governance logic. Some of the logical elements refer partly to the logic of multifaceted accountability.

5.3.5 A logical shift in agency

Throughout the data (all documents), the universities as institutions, HEIs, are emphasized as strong actors. They are given active agency and trust, especially in the parts dealing with strategic funding, although administrative and managerial staff of the HEIs are not explicitly mentioned. The role of the staff in the administration and management of the HEIs is not explicitly described, but my analysis is that the agency of this staff equals to HEIs, referring to a strong agency. Some actors are given agency according to Schmidt's (2008) categories of sense making in cognitive and some in normative ways (and some in both). In the descriptions and reasoning of goals and actions in the Documents 1 and 2 (OKM, 2011a; 2015a), some actors gain justification for more active agency (guidelines and institutional setting to act within), and some merely are included in normative assumptions of how they are supposed to act (what is legitimate). The first can be seen in the explicitly mentioned responsible role of the HEIs as autonomous actors, especially considering societal influence (which is difficult to measure, multidimensional and diverse). The latter can be seen in, for example, the students' expected role in the funding model (55 or more study credits per academic year) or in the criteria of exchange periods (both argued in the following paragraphs). The institutional logic, therefore, is creating more possibilities to act (in structuring the institution) for different actors than to others, and the institutional governance logic, through creating possibilities, greatly influences the ideational and discursive abilities of the actors in the system.

I analyzed parts of the funding model proposals (Documents 1 and 2) according to how the measures are connected to the agency and value production of the actors. I refer to the importance of agency from the perspectives of discursive institutionalism and NPG. Besides the actors that are explicitly mentioned, also actors that are implicitly part of the indicator such as the research activities referring to researchers and other actors doing research were considered. Agency is seen as the actors' ideational and discursive possibilities (abilities) to affect the practical reasoning and the institutional governance logics in the institutional system. I used three simple levels of categorization and the actual percentage points from the parts and indicators of the funding model to have an overview of the changes in the data.

- Given full or almost full agency, value production and access in the construction of the institutional logic and setting (actor as a full member and a subject in the institution)
- Partial agency, or agency that is difficult to interpret (indirect or abstract form of the possibilities to affect the logics)
- Lack of agency, or agency that is tightly connected to only one specific form of activity (normative assumption of the role of the actor as an object)

Agency in the Document 1. From the education part, both the student feedback and international exchange periods are recognized as granting a large amount of autonomy to the students. The research part provided agency extensively in the criterion related to the number of international staff members in the research university. The part related to the policy objectives provided most agency, as it provided a one-tenth part of the whole funding model based on institutional strategies of the research universities. Indicators that included the logic of full or strong agency sum up to 17% of the whole funding model. The partial agency, and agency that is abstract in nature, was given in following criteria: graduates and employed graduates of both education and research related indicators and the criteria related to the publication activities and the competitive funding of the research part. Additionally, partial agency was found in the policy objectives in the form of field-specific funding and national tasks. Hence, partial or abstract agency can be interpreted from these indicators as summing up to 73% of the funding model. Agency or a very tight connection to a specific form of activity, neglecting a great deal of the agency of the actors, is found from criteria related to the number of students who study 55 study credits or more per academic year and the number of study credits from the open university activities. A neglect of or a strongly tied agency was found from 10% of the indicators of the whole funding model. (OKM, 2011a.)

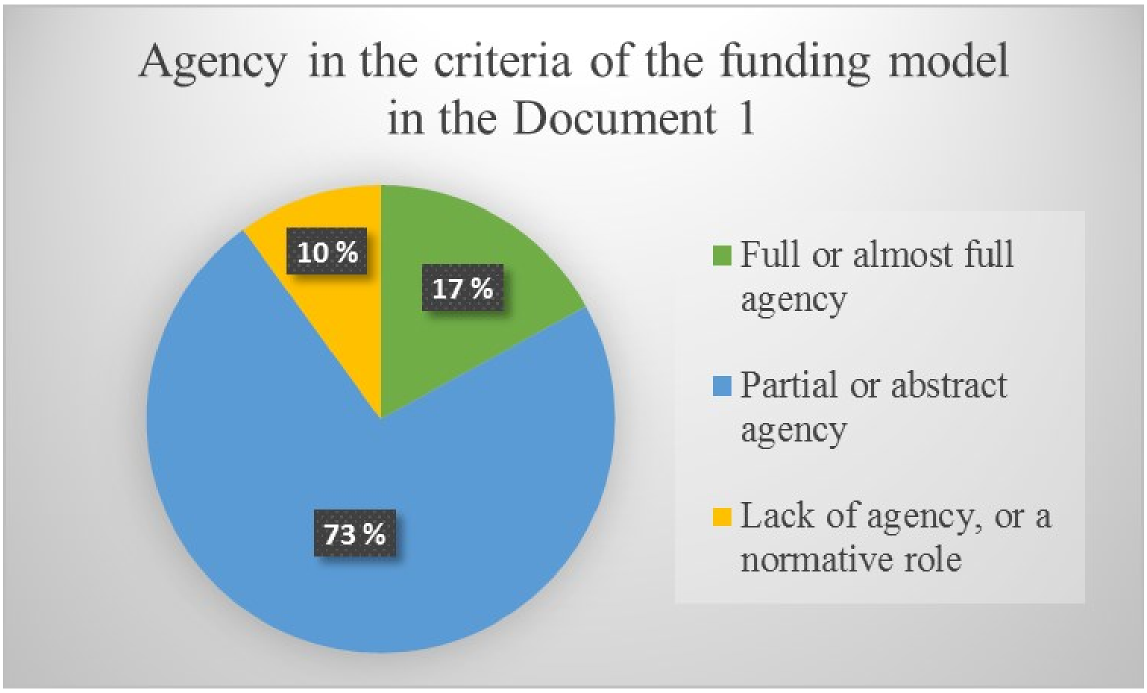

Figure 1. *Agency in the criteria of the funding model in the Document 1.* (OKM, 2011a)

Agency in the Document 2. From the education part, the student feedback is recognized as granting a large amount of autonomy to the students (3%). The research part provided agency extensively in the criteria related to the number of international staff members in the research university (2%). The part related to the policy objectives provided most agency, as it provided a one tenth part of the whole funding model based on the institutional strategies of the research universities (10%). Indicators that included the logic of full or strong agency sum up to 15% of the whole funding model. Partial agency, and agency that is abstract in nature was given in following criteria: graduates and employed graduates of both education and research degrees (31%) and criteria related to the publication activities (13%) and the competitive funding (9%) of the research part. Additionally, partial agency was found in the policy objectives in the form of field-specific funding (9%) and national tasks (7%). Hence, the partial or abstract agency can be interpreted from these indicators as summing up to 69% of the funding model. Lack of agency or a very tight connection to a specific form of activity, neglecting a great deal of the agency of the actors, is found from criteria related to the number of students who study 55 study credits or more per academic year (12%), the number of study credits studied in international student exchange (2%) and the number of study credits from the open university activities and other forms of education (2%). A neglect of or a strongly tied agency was found from 16% of the indicators of the whole funding model. (OKM, 2015a)

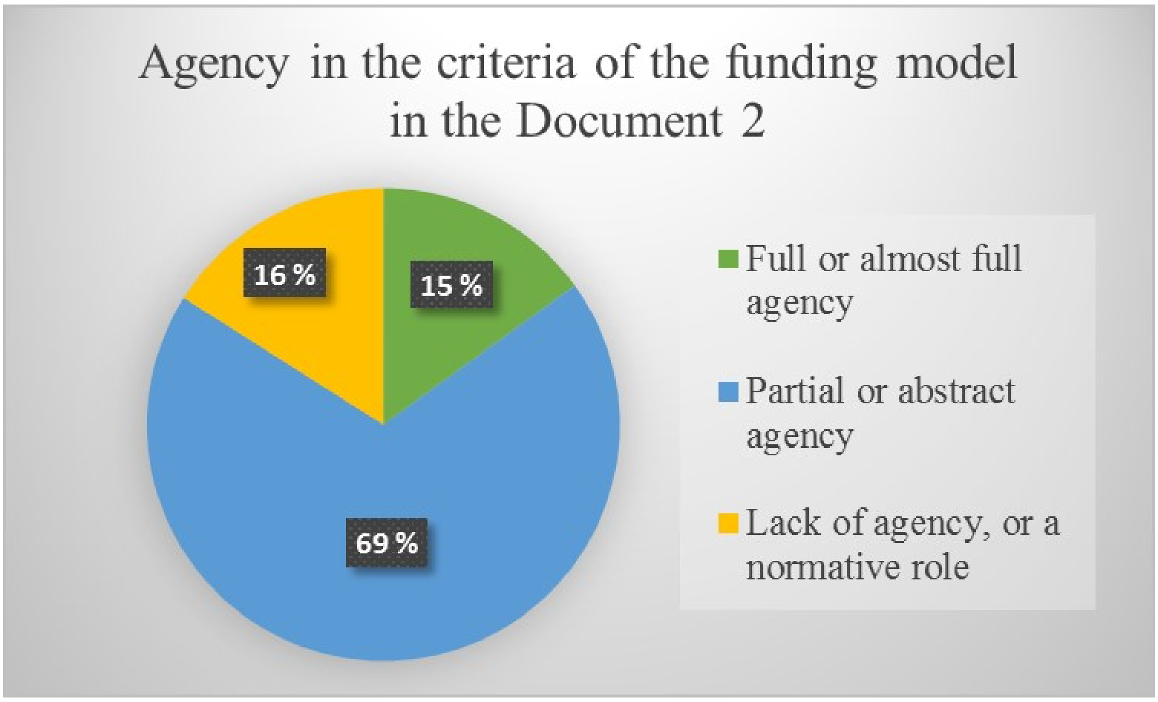

Figure 2. *Agency in the criteria of the funding model in the Document 2.* (OKM, 2015a)

From this rough categorization of how agency is connected to the criteria in the Documents 1 (OKM, 2011a) and 2 (OKM, 2015a), a shift can be seen. There are logical shifts happening in both, the reasoning of the measures, but also in the measures themselves. As seen in *Figure 1* and *Figure 2*, a slight shift towards weakening the agency of actors in the networks can be seen in the percentage of the whole funding model: the amount indicators that can be interpreted as giving autonomy and agency to the actors drops down 2% (from 17% to 15%), indicators that deal with partial agency or abstract agency drop 4% (from 73% to 69%) and indicators with a complete lack of agency of the actors or a tight connection to a specific form of activity increase of 6% (from 10% to 16%).

Based on the data related to the funding models, the shift in the institutional governance logic of the funding models is towards a stronger grip of the NPM logic, not NPG. To prove my point, I present examples using students as a group of specific actors in the system. From the Documents 1 and 2 regarding the funding model of the research universities, a change in the logic of the criteria related to international exchange periods of students can be seen. This criterion of calculating the number of exchange periods is presented in the earlier document (OKM, 2011a) very briefly as an encouragement for "*the [research] universities to strengthen* *their internationality*”[23] (OKM, 2011a, p. 38). The latter document (OKM, 2015a,) presents a change to this criterion: instead of exchange periods, the number of study credits studied in the exchange periods is being calculated. The shift from the number of exchange periods to the number of study credits reveals a logical change: in the latter proposed change, the incoming and outgoing students’ agency is absolutely tied to students producing study credits (as a value) instead of the idea that exchange periods are valuable (for students and the HEI) *per se*. Analyzing this change from the perspective of the theoretical framework in use, the accountability via the subject of steering (the Ministry) to the HEIs, becomes tighter. The logic of NPG, on the other hand, would suggest a multifaceted perspective, in which the student is an actor in the network of actors negotiating the value of the exchange period and experiences related to it. For this measure, no additional reasoning was provided in the Document 2 (OKM, 2015a). Increasingly, from the Document 1 to Document 2, the role has changed towards normative expectation (study credits and the number of graduate) and a customer-role.

Similar logical changes were also seen in other parts of the funding model proposals. The reasoning of the increasing impact of the criteria (from 8% to 12% of the whole funding model), related to students who study the minimum of 55 study credits per academic year, no arguments or claims are made where students are actors who would participate in the negotiation of the contents of the criteria or other ways in the institutionalization of the governance logics (OKM, 2015a, p. 26-27). Considering the amount of change (4%) in this indicator (OKM, 2011a, p. 34; OKM, 2015a, p. 36), in comparison to the change in percentage points in the other proposed changes in the funding model, it is noteworthy that the reasoning does not include any arguments for the substantial size of the change. Notwithstanding the indicator related to student feedback, which is 3% of the whole funding model in both proposals of the funding model, students are increasingly seen with agency only in relation to the expectation of producing study credits.

Agency in the contractual steering. In the reasoning of Document 6 related to the contractual period of 2017-2020, the members of the university community are emphasized to be included in the reforms. The members (the staff and the students are explicitly mentioned), should be

[23] Translated from Finnish. ”– –*yliopistoja jatkamaan työtään kansainvälistymisen vahvistamiseksi.”* (OKM, 2011a, p. 38)

able to affect and take responsibility for the changes taking place (argued in the Document 6 regarding shared common goals of the contractual steering):

> "*The universities listen to and engage the staff members and students – – so that the members of the university community can affect and take responsibility for the changes.*"[24] (OKM, 2016c, p. 4.)

Continuing to use students as an example, from the perspectives of funding model and contractual steering, students have three roles: students producing study credits (normative expectation), students giving feedback (customer-type role) and as members of the university community (social organization). Both, the University Act (558/2009) and NPG model present different individual actors in a public service system first of all as citizens. The role of students as citizens is also highlighted in the contractual steering regarding strategic funding and information steering.

5.3.6 The underpinning values

The values seem to vary when reasoning different criteria of the parts of the funding models. This can be seen in the examples of the criteria related to publications and students, but also in explicitly stated values and desires. Efficiency, institutional autonomy and survival in a changing environment are mentioned, suggesting of an understanding of the HE system as a quasi-market of HEIs competing for funding. A very strong principle of the autonomy of HEIs is stated in the document: "*The [research] universities are independently responsible for their activities and economy.*"[25] (OKM, 2015a, p. 19). The Ministry is stated as to be the institutional actor who is responsible for governing the steering of activities, funding and the follow-up of the legislative tasks of the research universities. The desire of the Ministry to act as the main subject of steering of the autonomous HEIs, which are also seen as subjects through emphasis on institutional autonomy, is both explicit and implicit in the reasoning. The desire for institutionally autonomous HEIs is also seen in other goals, for example in the allocation of the basic funding to HEIs that are more efficient, effective and successful regarding the results, in

[24] Translated from Finnish. "*Korkeakoulut kuulevat ja sitouttavat henkilöstöä ja opiskelijoita – – siten, että korkeakouluyhteisön jäsenet voivat vaikuttaa ja ottaa vastuuta muutoksista*." (OKM, 2016c, p. 4)
[25] Translated from Finnish. "*Yliopistot vastaavat itsenäisesti toiminnastaan ja taloudestaan.*" (OKM, 2015a, p. 19)

comparison to the average of the university sector. This preference in the logic refers and encourages to understand HEIs as to exist in a competitive field. The Ministry defines loose goals for the institutions and recommends the institutions to thrive for them. The Ministry merely defines the institutional setting for institutions to compete in. The Ministry lays out the rulebook – so to speak –, according to which HEIs are expected to compete.

When activities regarding societal influence are considered in the reasoning, the concept of complexity emerges, and the HEIs are trusted with agency of themselves best knowing how to measure them and what is of value (OKM, 2011a, p. 26). This is also true in the contractual steering of HEIs, as they are encouraged to co-operate with different actors, not only in research and innovation activities but also in education (OKM, 2013; 2016c). These explicit statements of trust to the HEIs are on the other hand shadowed by both *ex ante* and *ex post* accountability, as the HEIs are expected to both present their strategies for future in advance, and report of their past activities (OKM, 2015b, p. 1, 4).

In the Document 1, research universities are argued to be publicly funded because of "*their undeniable benefits for the society and the citizens*"[26] (OKM, 2011a, p. 14), though these benefits are argued to realize in long-term (ibid. p. 17). In a description of the demographic development of Finland, in the same policy document, "*the economic and other societal usefulness and cost-effectiveness of [public] activities must be evaluated"*[27] (OKM, 2011a, p. 17). The government plan of Finnish Government and its contents seem to set values and overarching desires to the main claim of the policy documents, but also to individually reasoned measures and goals. Seen both as goals and values, the importance of strengthening distinct university profiles, transparency and predictability of the funding model, balance between basic and competition-based funding, good quality, efficiency, economy and societal influence seem also be guiding values in the policy documents. In comparison to the previous, more thorough reform of the funding model (as argued in OKM, 2011a), the value-basis is similar, even though the Government Programme has changed (no major changes in the ideational background knowledge). The betterment of the percentage of graduating students of all students, faster employment of the graduates, the efficiency of the administration, internationality and creating

[26] Translated from Finnish. "– – *niiden tuottamat kiistattomat hyödyt yhteiskunnalle ja kansalaisille.*" (OKM, 2011a, p. 14)
[27] Translated from Finnish. "– – *on arvioitava [julkisten] toimintojen taloudelliset ja yhteiskunnalle tuomat hyödyt sekä kustannustehokkuus.*" (OKM, 2011a, p. 17)

distinct university profiles lay the underlying values towards efficiency, effectivity and institutional autonomy. (OKM, 2011a.)

The values of the contractual steering, in Documents 5 and 6, share the desire for civilization, societal responsibility, sustainable development, ethical principles (for science) and references to equality and to university communities as a resource and of value (OKM, 2013; 2016c). Commercialization, parsimony of resource usage and a normative expectation of students to graduate in set time are presented in the Document 6, showing a slightly stronger emphasis on NPM model for the period 2017–2020. In the Documents 3 and 4, values derive mostly from the Government Programme and other official policies. They include, for example, stronger employment, competitiveness, renewal of expertise and education, internationality, efficiency (in resource usage) and commercialization of education and research.

Chapter 6: Discussion and conclusions

6.1 Discussion

What is the role of the students in the institutional governance logic? Based on the findings, their role is, to great extent, producing 55 study credits per academic year and graduating. A part of the whole funding model, 3%, gives students also the possibility to produce information as feedback, and in such, participate in the value production that affects the funding of the HEIs. Students' role refers to a customer-role and noteworthy, they are not seen as citizens, as NPG logic would imply. What is the societal influence of HEIs? According to the reasoning of steering through funding, societal influence is complex, plural and pluralist, and HEIs are given full agency and autonomy to define what is important and how the goals are achieved. The examples of students and societal influence tell in short that different parts of the funding model reveal different logical elements of the institutional governance logics. According to the findings, many individual actors are in normative positions, only able to affect the funding through tight indicators and variables. Even in the cases of emphasized agency given to HEIs, the institutional rules (according to the practical reasoning related to the goals, values and measures) provide the context for actors to act. In the research and education parts of the funding models, the HEIs have no access to change the set indicators, although the HEIs can co-govern and negotiate the goals and measures related to strategic funding and contractual steering. In contrast to the findings in the reasoning of steering through funding, the practical reasoning in the shared goals of the contractual steering of HEIs indicates of a logic related to the elements of NPG and indirect accountability.

Findings at large also refer to a strengthening understanding of HEIs in a competitive field and underlying values of efficiency and institutional autonomy. The concepts of network of actors, co-production, and multifaceted accountability, among other concepts of NPG, are seen in some of the measures and goals of the practical reasoning in the funding and contractual steering. Many actors affiliated with the HE system are mentioned, but the fact that they are not connected to many actions or measures implies that active agency is not given to many actors (treated more as objects rather than subjects). Thus, some actors in the institutional governance logic are objectified, and at the same time, these objects are passive, resistant to change and important to acknowledge, as part of the organization of the HE and the governance. The agency of different institutions is emphasized more than individual citizens in different roles in the HE system. The roles of the staff and students are included in specific indicators, referring to NPM. Individuals are not seen as citizens, but in certain roles with specific expectations, such as students producing study credits or international staff members producing "internationality".

Quite the opposite to the strong NPM features in the major parts of the funding models, classic HE literature has ended up in a different understanding of the fundamental principles and major phenomena related to the complexity of HEIs as centers and the organized form of highest knowledge and information. The findings of NPG logics and the importance of contractual steering could be applying a universal NPM logic in the complex context of HE system – as Hood (1991, 9) put it into words: "*the remedy lies in giving NPM some real substance in order to move from 'smoke and mirrors' to reality*". In other words, the actual institutional governance logics follow the logical elements of NPM even though some of the explicitly stated goals and measures would refer to increased agency and autonomy and the elements of NPG. Using a remark made by Schmidt (2008, p. 313), NPM, as a widely popular form of governance logic and a discourse in public service systems, could be "not getting it right" in the context of HE system. The reason of why the characteristics of NPG are to an extent visible in the discourses might be because of the NPM logic does not fit the complex social system of HE. For later research on the governance of Finnish HE, this suggests that a shift from NPM to NPG might follow. The logics of NPM seem to be partly inapplicable in negotiating the logic of measuring research and other publications, evaluating the societal influence of HEIs, and in the creation of strategic distinct profiles of the HEIs in the regional innovation systems. In these sectors, the reasoning refers to complexity and a need for information provided by the actors participating, for example, in the production of research and other publications. A finding from the documents related to the contractual steering shows that when the HEIs are provided with extensive agency to create their own strategies and profiles, they are still required to present the strategies to the Ministry in advance, to negotiate goals and measures, and to report on their past activities.

The continuing grip of NPM found from the data is in line with previous HE reforms in Finland. Rinne et al. (2012, p. 13) argue of two differentiating main discourses in the Finnish HE system: the discourse of the protectors of the traditional model of universities and the late discourse of reforms in the name of market-orientation. They connect the discourse of market-orientation to NPM reforms which started in 1986 and 1987 with discourses of efficiency and measures of performance measurement (Rinne et al., 2012, p. 50-51). As presented in the Introduction chapter, the top leaders of the education institutions in Finland faced already in the start of 2000s extra-organizational demands and pressures that were mainly related to societal and normative environments (Ojala, 2003). Reale and Primeri suggest of the major changes in the narratives of the public management of HE to happen through NPM, network governance and NPG (Reale & Primeri, 2015). Their view is supported by the findings in the data, as logical elements of all three were found.

A logical implication of the purpose of the funding model is presented in the abstract of older proposal for the funding model (OKM, 2011a, p. 3) as allocating the funding as a lump sum for the HEIs to distribute the funds within the university at its own discretion. Thus, the governance logic of the funding model is presented to the system level, not to the HEIs. The idea of the funding model seems to have failed in this sense; Kallio et al. have concluded that the performance measurement principles have also entered the HEIs' internal funding models (Kallio et al., 2017). If funding is seen crucial to the HEIs, the analysis is that the administrative staff is assumed to act and behave discursively to maximize the funding of the HEI. The activity and discursive behaviour are based on the logical elements of the funding model. Institutional autonomy is emphasized and a good question is: whose agency is emphasized, when autonomy is assumed as a goal and the desired state? The administrative staff is almost completely invisible in the reasoning of the policy documents, with only a few mentions: seminars organized by the Ministry for the top administration of the HEIs and in the description of participants in the Ministerial working groups for the proposals of the funding models (OKM, 2011a; 2015a). The role of the administrative staff is undeniably important in the university organizations and interviewing the administrative staff would provide extremely useful information about how the institutional governance logic makes sense in the institutional environment of the HEIs. Kallio et al. (2017) have also found out that despite the official rhetoric of the Ministry in its reasoning, the performance measurement in the funding model of Finnish research universities promotes quantitative measurement and has resulted "*probably, also, to sub-optimizing and free-riding*" (Kallio et al., 2017.)

6.2 Conclusions

The institutional governance logics of the Finnish HE system are seen in the data by analyzing documents related to the funding model of the research universities and the shared common goals in the contracts and policy guidelines of contractual steering. The findings from the data and the analysis reveal a variety of logical elements. Elements from both assumed theoretical models, NPM and NPG, are found with a careful categorization of the goals, actors, actions and values, and analysis based on agency and the logical contents of the models. The logical elements of NPM are in dominant role in most parts of the funding model and a shift to a stronger grip of NPM is seen. The elements of NPG are emphasized in parts related to measuring research and other publications, evaluating the societal influence of HEIs, and in the reasoning of the contractual steering. As the concept of NPG in literature has recently emerged (Osborne, 2006; 2010), my research question guided me to especially look for traces of the logical elements of NPG in the recent HE public reforms. According to the analysis, a rather surprising finding is that the overall shift in the institutional governance logics is towards a stronger grip of NPM logics. This contrasts with the assumption of a shift from NPM to NPG that I had made based on previous research and literature. On the other hand, my assumption was right when inspecting the partiality of NPM logic in certain parts of the steering, as a shift from NPM to NPG might follow in future.

The findings of increasing performance measurement and NPM-related values are in correlation with other empirical findings of the governance and steering of HE in Finland as argued in the Discussion subchapter. A recent report on the impacts of the research university reform (OKM, 2016d, p. 77) has found similar results of the strengthening role of the funding model and the university community having less agency in decision-making. A new finding of this research is related to the contractual steering where HEIs are provided with extensive agency to create their own strategies and profiles, but they are still required to present the strategies to the Ministry in advance, to negotiate goals and measures, and to report on their past activities. In the parts of steering where the elements of NPG are emphasized, the vertical accountability of NPM and the role of the Ministry, as the dominant actor of governance, exists. The Ministry and the HEIs are the major actors who can discursively participate in the institutionalization processes of the governance. The logic of co-production is used in the contractual steering regarding arrangements of participation for different groups, but not in the policy making and implementation, which is controlled largely by the Ministry and the top administration of HEIs.

The emphasized institutional autonomy is in contradiction with the desire of the Ministry to be the main subject of steering of the Finnish HE. HEIs are both expected to act according to the steering of the Ministry and to thrive for example towards more effectivity and competitiveness, and at the same time to be institutionally autonomous. A better tool to understand this relationship lies in the contractual steering rather than the funding model and its variety of indicators and criteria. As discussed before by Kivistö (2007), the principal-agent theory offers a good perspective to understand the relationship between the Ministry and the HEIs. Kjaer (2011) argues that most, if not all, uses of governance include a challenge regarding institutions, institutional change, and actors in relation to social structures. Governance, by its definition through usage of power and influence, in the Finnish HE system, provides the institutional context, rules, and logics for the actors to act in. The Ministry has strong power over HEIs through various indicators and measures. The analysis provides a perspective where the emphasized desire to have strong, autonomous universities is challenged with various shared objectives and accountability measures.

Weick (1976), Clark (1983) and Birnbaum (1988) have presented a loosely-coupled and systemic view of HE systems in their work, and I join them in their view. A conclusion, based on the framework and the findings from the data, is that the different parts of the activities and services produced by the HE system are coupled with different variables and logical elements in relation to the governance and steering of the Ministry. Some areas of the Finnish public service system of HE are loosely-coupled, complex, plural and pluralist (such as research activities and societal influence), while others are bound to number-based indicators (for example, students as producers of study credits).

Usefulness of this research lies in this perspective of governance being a complex set of varying elements of institutional governance logics: it is a meaningful way to understand different parts of the governance and steering and to understand logical shifts inside broad steering mechanisms. NPG, governance and steering through the concept of institutional logics give a perspective that other frameworks might easily miss: it looks at the myths, truths, and reasoning behind the measures of steering activities. It helps to understand logics of taken-for-granted thought structures, myths, and discourses which often are cloaked in the ideological discursive field and sometimes could be easily overlooked. Institutional logics perspective also provided useful conceptual tools for the epistemological and ontological challenge in the comparison of two very debatable governance models of NPM and NPG. The explicitly set goal for the significance of this research to provide a new theoretical model to analyze HE governance was accomplished. The research design proved to be sufficient and appropriate for a detailed analysis of HE governance and is recommended for the following research in the same research field.

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Attachments

Attachment 1. The coding of the contents of the documents

In my analysis of the practical reasoning in the policy documents, I coded the text with numbers (1-5) according to the framework of analysis by Fairclough & Fairclough (2011). The categorization and listing of the coding can be found from the Attachments 2-6.

- Recognizing the main claims **[1]**
  - The main claims are interpreted as overarching claims regarding the governance or the particular form of steering of the HE system. It is the basic idea of practical reasoning and it the claim includes certain measures and actions for the set goals to be achieved.
- Recognizing goals **[2]**
  - Goals are expected to be both broad goals of HE policy (aimed at with the policy document) and also specific goals related to different sectors of HE.
- Recognizing actors (and agency-related connected elements) **[3]**
  - Actors and agency-related elements mean explicitly stated actors, but also actors that can be easily interpreted from the context and meaning of a measure presented (such as "research activities" which refers to actors with research responsibilities as actors behind the activity).
- Recognizing selected actions and measures **[4]**
  - Actions and measures are also connected to agency, but this refers to the actions and measures which are not connected tightly to a certain actor.
- Recognizing values and desires **[5]**
  - Values are desires, principles and ethical guidelines and act as guiding elements or assumed truths and path dependencies in the background.

Attachment 2. Practical reasoning in the document 1

Practical reasoning in the document related to the funding model of research universities starting from the year 2013 (OKM, 2011a)	
Main claim	Implementing the proposed funding model and measures included in it, the set goals for a good Finnish research university 2020 (a high-quality, more efficient international research university system with a stronger impact and a better defined profile) can be achieved (is "*...a step towards this vision*", OKM, 2011a. p. 7)
Goals	Better competitiveness; welfare increasement; the strengthening of culture, creativity and civilization; high-quality research university; more efficiency; increased internationality; a stronger societal impact; better defined profiles of research universities; better quality of research; funding to be sustainable and predictable in long-term; stronger and better quality HEI sector (than at the moment); world class excellent research environments; high-quality doctoral education and research community; a higher percentage (than before) of incoming students should graduate and there should be less "losses"; transparent and clear funding model proposal.
Actors	The ministry; students; fatherland; humankind; teachers; the working group (producing the policy document; Finnish university; the research university sector; research university; a student who has studied a minimum of 55 study credits per academic year (both bachelor and master level explicitly mentioned); graduate of a research university who has been employed; foreign educational and research staff; (field-specific) educational and research staff; China; Brazil; Russia; India; Finland; Aalto-university; employer; university community; graduates from UAS; the society; students who have studied a minimum of 45 study credits per academic year; a young person of 25 years old or under 25; a person who is under 30 years old; work community; the industry and work life (institutions); international talents; scientific community; Federation of Finnish Learned Societies (TSV); international university community; international research consortiums; European Social Fund; European Regional Development Fund; Tekes; The Academy of Finland; national and international enterprises; arts universities; art faculties; natural sciences; technological faculties; medicine faculties; the National Library; training schools; university centers; Musiikkitalo (a musical center and institution in Helsinki); University of the Arts; Ministry of Finance.
Actions and measures	**Steering measures:** Reducing the amount of HEIs; support the increasing autonomy of research universities, emphasizing the research universities' possibilities to enact their environment with their own activities; using three years' averages as the basis of calculating the criteria. **The basic funding model:** Output-indicators based on absolute numbers; calculation in the criterias shall not take into account field-specific needs or other factors that weaken the

	transparency of the model. **Education part of the funding model to be 41% of the whole model:** education part to consist criterias related to bachelor level graduates (15%), master level graduates (9%), study credits studied in open university and other studies (2%), the amount of students who study the minimum of 55 study credits per academic year (11%, including the student feedback that amount 3% of it), graduates who have been employed 1%, the amount of international student who graduate (1%) and international student exchange (2%). **Research part to be 34% of the whole model:** doctoral level graduates (9%), publications (13%, from which international referee publications 10% based on the classification levels 2 and 3, and other scientific publications 3%), competitive research funding (9%, from which international competitive funding 3% and other competitive funding 6%), the amount of international doctoral students who graduate (1%) and the amount of international education and research staff (2%). **The part regarding other education and science policy objectives to be 25% of the whole model:** funding based on strategy (10%), field-specific funding (8%, arts, technology, natural sciences and medicine) and the national tasks (7%, specific national tasks, training schools, the National Library).
Values and desires	Strong HEI units; freedom of choice (for students, in academic affairs); economic and other competitiveness; survival (in changing environment); high quality; the beneficiality of HE to the society and to the citizen; the values of the University Act of Finland: to promote independent academic research as well as academic and artistic education, to provide research-based higher education and to educate students to serve their country and humanity at large; the betterment of the percentage of graduating students of all students; faster employment of the graduates; efficiency of the administration; internationality; creating distinct university profiles.

Attachment 3. Practical reasoning in the document 2

Practical reasoning in the document related to the funding model of research universities starting from the year 2017 (OKM, 2015a)	
Main claim	Taking these measures in this proposal of the reform of the funding model, the set goals are achieved.
Goals	The funding model secures the possibilities of long-term development and encourages the universities to strengthen their distinct profiles and to develop quality and to act efficiently and economically; the funding model supports the profile of the research university sector and the political goals regarding universities and science; institutional autonomy; strengthening the development of distinct university profiles; transparency and predictability of the funding model; balance between basic and competition-based funding; allocate the basic funding to the universities; good quality; to be the top country of education, know-how and modern learning; the quality of research and innovation activities; increasing internationality of higher education; societal influence of the universities; specific goals for the amount of degrees on each educational field and university; connected to the tuitions fees, a goal is to increase the quality of education and to improve the support services of the education provided in a foreign language; the new goal for international exchanges aims at higher amounts of studied study credits instead of the amount of exchanges; (implicit) goal of covering as much as possible of certain level students' answers when collecting student feedback; the strategic funding is always based on the strategy work of the HEI itself and the strategic decisions regarding the HEI's activities development and renewal; the societal engagement of the HEIs is hoped to be seen in the strategical choices made by the HEIs; co-operation between HEIs.
Actors	The work group itself; public research universities; public-private foundation research universities; students (also international students); the Ministry of Education and Culture; public sector; higher education sector; national and international funding organizations; enterprises; countries (at least Finland, Sweden, Denmark, England, Germany mentioned); government of Finland; teachers; Academia of Finland and Tekes (funding organizations in Finland); OECD and Eurostat (international organizations providing statistics); European Universities Association; municipalities; region; employee of the research university; researcher; graduates, graduates who have been employed; society; alumni; faculty; a student who has studied a minimum of 55 study credits per academic year; a person who has already been employed in the labour markets; a person who already is employed in the labour markets; a student coming from outside EU-/EEA-area; Parliament of Finland; Federation of Finnish Learned Societies (TSV); Universities Finland UNIFI; Council for Finnish University Libraries; The National Library of Finland; CSC IT Center for Science; Publication Forum; Expert Panels of the Publication Forum; funding model working group.
Actions	**Steering measures:**

and measures	Student feedback on the activities of the universities; the new qualitative-based classification levels of publication forums; collecting tuition fees; agreement negotiations between the Ministry and higher education institutions; cooperation between actors; the development of distinct university profiles of the institutions; evaluation of the impacts of the funding models of higher education (for both the research universities and the UAS); the funding model and "national incentives" as a measure regarding the societal influence of the universities; to motivate students, who pay tuitions fees, to stay in Finland with a compensation such as in study loans; develop funding models to reward fast graduation of students and quality of education; co-operation between HEIs. **Funding measures:** Strategic funding; computational funding; expenditure cuts to University of Helsinki's and University of Eastern Finland's special fundings related to national apothecary tasks; a tool to adjust funding according to set maximum goals for each educational field and university; collecting tuition fees from international students coming from outside EU-/EEA-area; developing a statistical program for measuring the quality of employment of graduates; the clarification of the sources of foundation-based funding. **Changes to the basic funding model:** Education part of the funding model to remain as 41% of the whole model; research part to be increased from 33% to 34%; the part regarding the part regarding other education and science policy objectives to be decreased from 25% to 24%; a change of the categorization of educational fields from an old faculty-based category to an international ISCED-category that is based on the contents of the education; small changes to the criteria of the amount of students who study 55 or more study credits within an academic year; education aiming at specialization is added as part of the funding model, specifically to open university studies; removal of the criteria regarding the amount of master degrees of international students (1% of the whole); adding 1% to the criteria regarding the amount of overall graduates, who have employed after graduation; criteria regarding international exchange is changed to take into account the amount of study credits instead of the mere amount of exchanges; a change for the collection of student feedback to cover all students, who have graduated from a bachelor degree; removing the criteria of international third cycle degrees; counting all third cycles degrees in the same criteria; changes in the publication forums' classification levels with emphasis on the quality instead of previously quantity; changes in the categorization of different types of publications with emphasis on the quality of research publications; increasing the quantity of strategic funding in the funding model from 25% to 26%, more specifically emphasizing field specific funding from 8% to 9%; a measure to include HEI's own strategies to different specific parts of the steering contracts made between the Ministry and the HEIs.
Values and	The government plan of Finnish Government and its contents; institutional autonomy; importance of distinct university profiles; transparency and

desires	predictability of the funding model; balance between basic and competition-based funding; good quality; efficiency; economy; societal influence.

Attachment 4. Practical reasoning in the documents 3 and 4

Practical reasoning in Documents 3 (OKM, 2015b) and 4 (OKM, 2015c) related to guidelines for the contractual period 2017-2020	
Main claim	**Document 3:** In the contractual period 2017-2020, the contractual and feedback procedures will be renewed for the UAS, the funding calculations are informed to the UAS, and UAS must report their activities of the year 2014 according to the given rules. **Document 4:** The contents of the Government plan of Finnish government, renewal of the HE sector and the development of the degree structures of the HEIs shall guide the preparations and negotiations of the contractual period.
Goals	**Document 3:** The HE system to be renewed; the UAS to have committed to make decisions regarding structural renewals, field-specific preparations, creating distinct strategic profiles, the division of labour, latest in the spring 2016; regional seminars with goals of progressing the societal influence of HEIs and their partners and the research institutions, co-operation, division of labour and internationality; high-quality; more impactful HEIs. **Document 4:** Strategic goals deriving from the Government plan of Finnish Government (for the whole country): strengthening of employment and competitiveness, renewal of expertise and education, improving welfare and health, developing solutions related to bio-economy and clean tech, and renewal of appropriate courses of action through digitalization, experiments and the decommissioning of different social standards; the modernization of learning environments; less young citizen outside official education and labour markets; less students who quit their studies; increased interaction between education and working life; better quality of research and innovation activities; increased internationalization of education and research; obstacles regarding the commercialization of education are dismantled; faster transfer time for young students to enroll for continuing studies; balancing the state budget; bringing together different actors to create competitive concentrations; prompt commercialization of research activities; increasing the flows of research funding and investments to Finland; focusing resources to fewer, more influential and economically sustainable operational units than before; [the quality of] teaching and research shall not be weakened; the collaboration of research universities and UAS must progress in such way that the different needs for expertise of the units, the society and the industry should be secured (national perspective); graduates from UAS bachelor degrees are employed primarily to working life; the average length of studies should not grow longer; more interaction between HEIs and working life; efficiency of

	studying; increased graduate numbers (from 63% to 75%).
Actors	**Document 3:** The Ministry; UAS; the Finnish HE system; UAS based on the new legal form; the working group; HEIs; the staff of HEIs; the stakeholders of the HEIs; students; HE areas (the metropolitan area, South-west Coast, et cetera) top administration of the HEIs and research institutions; research institutions; the research universities; Government of Finland; the state of Finland; degree students who are studying full-time; merged UAS; rector of a UAS; the teaching staff; the adult education policy unit of the Ministry. **Document 4:** The Ministry; HEIs; Parliament of Finland; Government of Finland; the HE system; prime minister Juha Sipilä; Finnish citizen; the Finnish research and innovation system; the HE sector; the Ministry; the HEIs; the research universities (yliopisto); the universities of applied sciences (ammattikorkeakoulu); the top administration of HEIs; the minister of education and culture; graduates from UAS bachelor programmes; research institutions; persons who have quit their on-going education.
Actions and measures	**Document 3:** Setting objectives, follow-up and evaluation according to the Polytechnics Act; contractual negotiations; setting objectives for the amount of degrees; the foresight work related to evaluation of educational needs in Finland; changes in the feedback procedures (no feedback in the Autumn of 2015); UAS must provide a strategy (approved by the board of the UAS) which extends to the end of the year 2020, to the Ministry by latest April, 2015; reform of the funding model of UAS for the year 2017; renewing the feedback procedures, continuing from now, feedback in the form of a report and statistics given to UAS every year in August-September by the Ministry; visits to individual HEIs; arranging regional seminars together with the UAS and the research universities in the region; strategic choices and measures for the renewal of the structures of the UAS is demanded (on the basis of previous budget cuts and the goals related to high-quality and more impactful HEIs); the Ministry does measures, such as funding decisions, on the basis of the current funding legislation; the UAS are required to send their proposals for their strategies to the Ministry; strategic funding is allocated to strategic work related to the recent UAS reform and strategic work and renewal of structures related to it; the recapitalization of the UAS based on contracts of the terms, between the Ministry and the UAS; organizing a spring seminar for the top administration of the HEIs; producing a code of economics together with UAS; reporting the activities of HEIs from the year 2014 to the Ministry. **Document 4:** Clarification of profiles of HEIs and research institutions; collaboration of HEIs and research institutions; bringing together expertise to create competitive concentrations; progressing the commercialization of research results; development of the research and innovation funding to support effectiveness and commercialization; developing the transfer rate from secondary education to HE by renewing the student admission procedures (et

	cetera); creating possibility for students to study around the year; to better acknowledge previously acquired know-how and expertise; development of the digital learning environments, web-based teaching and digital co-operation of education; updating eligibility requirements in the public sector; starting a development program regarding teachers' basic education and further training; speeding up Finnish education export by dismantling legislative obstacles and by introducing tuition fees for non-EU/EEA-students; (indirect demand) the development of the HE sector regarding regional networks; other significant reforms and procedural changes in both university types; differences in regional matters and in fields of studies must be considered while making reforms; the HEIs must create distinct strategic profiles, clarify and intensify collaboration and division of labour – – with each other and research institutions – – in education, research, support services, structures, infrastructures and international co-operation; mergers between universities are encouraged (by the Ministry); the widening of ownership in such way that bigger concentrations of expertise are created – – whose operations can be governed and planned as a single entity; the number of graduates from master degrees in UAS shall be increased; the collaboration between HEIs and the working life is increased; strengthening of adult education and more efficient utilization of labour resources.
Values and desires	**Document 3:** Co-operation between (institutional) actors; good staff policy (in renewal of the structures); taking care of the legal rights of the students; improving internationality. **Document 4:** The government plan of Finnish Government and its contents (such as strategic objectives related to strengthening employment and competitiveness, renewal of expertise and education and betterment of welfare and health); openness; internationality; a rich country regarding languages and culture; efficiency (in resource usage of science and research); commercialization (of education and research); digitalization.

Attachment 5. Practical reasoning related in the document 5

Practical reasoning related to the shared goals of the HE system (OKM, 2013, p. 1-4)	
Main claim	To achieve the set objective for the year 2020, the detailed five measures should be taken by the research universities and the UAS.
Goals	Strong HE units form the basis of know-how; a high-quality education enables faster employment; competitiveness, welfare and influence through research and innovation; internationality for high-quality; improving the university communities; structural development; prolonging careers; strengthening internationality, strategic research areas, and the valorization of research results, expertise and artistic activities; development of the strategic profiles of the UAS; strengthening the connections to working life and the industry (*työelämäyhteydet*); degree education and other training form a comprehensive whole which supports life-long learning and fits the needs of the industry; increase in international mobility.
Actors	The Finnish HE system; research universities; UAS; HEIs; the Ministry; centers of expertise; Arts University; research institutions; the industry; Academy of Finland; different actors of innovation system; CIMO (The Centre for International Mobility); a producer and developer of the information; China; India; Brazil; Russia; international students; international staff; university community; countries of cooperation.
Actions and measures	**Strong HE units form the basis of know-how** Strategic funding (to support the own choices of the HEIs); the Ministry, research universities and UAS (continue) the development of structural changes; the shared co-operative structures between HEIs are renewed; the Arts University start their operations; educational contents are renewed; decreasing the amount of starting UAS students by 2 030 students; reform of the UAS (reforms of the funding model, educational responsibilities and educational licenses to function as a UAS); renewal of the administrative and leadership structures of the UAS; improvement of IT systems and the compatibility of information comparison and concepts (by both the Ministry and HEIs). **A high-quality education enables faster employment** The betterment of the quality of education and possibilities for good learning; education should consist of comprehensive wholes (that help in the access to HE, progression of studies and improve the possibilities of student to study different study fields); development of guidance processes and student services; the procedures related to experience gained outside the formal education and training; to create structures for students to finish degrees and to motivate students in their studies; HEIs plan their curricula; development of post-degree education; preparation of shared goals for the development and quality assurance of specialization training; introducing a quota for first-time applicants

	to HEI; structural renewals related to student admission and studies; introducing a national student feedback system (for the funding models). **Competitiveness, welfare and influence through research and innovation** Strengthening of strategy-based research fields and research environments; the development of the possibilities for top quality research; creating possibilities for the development of new fields of research; research universities should increase co-operation with research institutions and the industry and to uphold meaningful national and international networks; research universities are excepted to take care of the follow-up of decisions regarding doctoral programs (with the Academy of Finland); specific measure of taking care of doctoral students' careers after graduating; increasing the publications in peer-review scientific journals; better utility of IT technology in research; UAS should develop demand and user-based innovation activities and participate in the development of welfare services; HEIs should strengthen co-operation with different actors in the innovation system; HE and research institutions should form attractive (research-related) concentrations. **Internationality for high-quality** More co-operation between internationality-related actors; HEIs should build strategic partnerships (including double and shared degrees); increasing co-operation also in emerging economies (China, India et cetera); language and culture training and other services for international students and staff should be arranged; HEIs should develop their staff policies and the career systems of researchers (by increasing international recruitment). **Improving the university communities** Continued measures to implement equality and equity plans; improvements in student welfare and work and study ability.
Values and desires	Civilization; societal responsibility; sustainable development; ethical principles; commercialization; educational equality; equity and gender equality in the access of HE; values deriving from other governmental policy documents; equality and accessibility (community and its members); the quality of teaching and feedback (as part of the funding model); educational equality.

Attachment 6. Practical reasoning related in the documents 6

Practical reasoning related to the shared goals of the HE system (OKM, 2016c, p. 1-4)	
Main claim	To achieve the set objective for the year 2025, the detailed four measures should be taken by the research universities and the UAS.
Goals	Strong HE units for the renewal of know-how; a high-quality education enables faster employment; competitiveness, welfare and influence through research and innovation; the university community as a resource; distinct strategic profiles that focus on the strengths of the HEIs; efficient use of resources; increasing international mobility; improving the rate of transferring from secondary education to tertiary education; fast graduation and employment rates; to have better possibilities to acquire competition-based funding and other forms of funding to support distinct strategic choices related to research, development and innovation work and artistic activities;
Actors	The HE system; the Ministry; HEI; research institutions; research universities; UAS; the society; the industry; the working life; small and middle-sized enterprises; private sector; public sector; culture life; highly educated work reserve; decreasing young age group; university community; the European higher education area; organizational university units; education provider; the university staff; the members of the university community.
Actions and measures	**Measures in the vision 2025** Anticipating and supporting the renewal of the society, culture and the industry (working life); securing the demand for highly educated work force; enforcing innovation and expertise networks and actors in them; the exploiting (utility) expertise and research results (more than before); strengthening commercialization of education and research results, life-long learning and the capacity and requirements of entrepreneurship; HEIs should share the results of research and develop new forms of knowledge transfer. **Strong HE units for the renewal of know-how** HEIs should develop their field-specific and interdisciplinary structures; HEIs should create distinct strategic profiles, intensify and clarify their roles with each other and other research institutions; should have deeper co-operation (with each other); more focus on fewer, but more influential and economically stronger functional units; a requirement for HEIS to select areas of activity or education units or programmes to be discontinued (Finnish concept of *poisvalinta*). **A high-quality education enables faster employment** HEIs increase the quality of education (by renewing contents of education, teaching methods, learning environments and teacher's expertise); increasing quality by increasing co-operation; utilizing digitalization; development of student admission and acceptance of previously acquired experience from

	outside formal education; development of degrees; HEIs should discontinue the use of so called bridge studies (Finnish: *siltaopinnot*); utilizing secondary degrees in student admission; increasing co-operation with the organizers of secondary education; the amount of first year students, who are genuinely first time applicants to tertiary education, should be increased (with quotas and development of transfer student admission); HEIs should increase the flexibility of studies; more diverse study counselling; co-operation with the working life; good quality of career and recruitment services; HEIs should take responsibility of recognizing the educational needs of immigrants their possibilities to be employed. **Competitiveness, welfare and influence through research and innovation** HEIs support new promising research fields and international top research areas; HEIs agree to a transparent organizational culture and scientific procedures; HEIs support the growth of national knowledge capital (through transparent science, research and user-based developmental and innovation measures); Co-work with other actors to develop research environments; strengthening the co-operations in research and industry-relations; HEIs should compile expertise to support and develop their activities for the commercialization of research results and innovation; organization of expertise related to research funding applications; develop research funding activities. **The university community as a resource** HEIs should systematically evaluate and develop leadership and the conditions of expert work; implementation of good and transparent staff policies; to use a commonly agreed tool for evaluating well-being at work; strengthening of the university community (developing the know-how of the staff, networking, international recruitments and exploitation of students know-how); HEIs should take a substantial role in the strengthening of the cultural diversity of the region; taking into account the needs and feedback of the staff and students in an early phase of reforms related to leadership and organization or other reforms;
Values and desires	Civilization; societal responsibility and influence; the principles of sustainable development and ethics; the principles of good scientific procedures; equal opportunities of choices in academic affairs for the students; equality as a strong value; the university community is desired to reflect the diversity of the population of Finland; university communities as resources; cultural diversity; parsimony of resource usage; normative expectation of students to graduate in expected set time period (e.g. 3 years for a bachelor in a research university); commercialization;