

Chapter 4

Driving strategic development in Finnish universities: Reflecting on two case study examples

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Introduction

This paper focuses on the very topical subject of strategic management and development in universities from a practical point of view. The area is deemed to have prominent connections to the fields of management, organisational and administrative studies. However, strategic management and strategic development are relatively new phenomena in the university context (e.g. Seidl, 2007). This is certainly the case also in Finnish higher education institutions. Thus far, the strategic management of Finnish universities has not been widely researched; only a few relevant studies can be found (e.g. Kasvio 1999; Lammi 2003; Mälkiä & Vakkuri 1999; Malkki 1999; 2002).

Finnish universities are taking their first tentative in the new dynamic environment following the national university reform. This entails that the universities develop their strategic management and other management systems under totally different circumstances than in the collegially-oriented management cultures and structures of earlier days. The section entitled 'Finnish university reform' will briefly specify the main elements of the new management frameworks of the universities.

The purpose of this paper is to explore the strategies of two Finnish universities by analysing the environmental factors identified by strategies of each university, the strategic priorities articulated by the universities in their strategy documents

and the purpose of university level strategy as a whole. These considerations form the basis of the explorative questions used to evaluate strategic development from a practical management perspective in relation to universities.

The structure of this paper consists of six parts: following the introduction (first part) major ideas of Finnish university reform will be presented (second part). The third section outlines the theories of strategic management and concepts of strategy developed by Mintzberg (1987) and Chaffee (1985). In the fourth part, the research questions and research method are introduced. The fifth section presents the empirical findings and the sixth and final part is focused on conclusions.

Finnish university reform

The Universities Act of 2009 replaced the Universities Act of 1997. The national goals of an extensive Finnish university reform – of which the Universities Act is one major part – are to provide better opportunities for universities to serve and cope with the surrounding society, to diversify funding bases and to increase university competitiveness and effectiveness (Ministry of Education 2009). According to the Government bill (2009) the strategic goal setting in universities is strengthened by increasing their autonomy and supported through their new internal governance and management systems and more flexible operating framework principles.

The Universities Act or strengthened autonomy as such does not change or develop the strategic management within universities. However, there are new elements that can be deemed to motivate or even compel the universities to develop their management and management systems. First, the universities are now persons under public law (14 universities) or foundations (2 universities). Universities have their own legal capacities and they are no longer part of the legal person of the state. The universities are legally responsible and financially liable for their operations. This increasing responsibility can also be seen as an incentive to develop university management and management systems. Second, the new institutional level governing board has an external chair and a totally new composition with a maximum of 40 per cent of board members being external (earlier only 1–2 external members). It is also possible that the majority is represented by external members if the university prefers such board structure. Thus, external stakeholders have a forum to be more engaged in internal governance of universities. Third, universities have rectors appointed by their governing bodies. Earlier, the rector was elected internally by the university and s/he chaired the governing board. The rector as a chief executive is

responsible for managing the operations and finances of the university. Fourth, the legal status of university personnel changed from being civil servants to ordinary employees. Hence, universities have more freedoms to develop the university-specific personnel and employer policies.

Regulatory frameworks, like the Universities Act, shape the autonomy and strategic management of universities but so also do a number of other public policies. The Finnish Government Programme (2011), the structural development programme of higher education institutions (e.g. Ministry of Education and Culture 2011), the Development Plan for Education and Research 2011–2016 (Ministry of Education and Culture 2011) and public research funding policies (e.g. Academy of Finland 2010) are examples of such policies. The structural reform policy had the goal set by the state to reduce the number of universities from 20 to 15 in Finland. This goal is recently achieved. Other key national higher education policies are to clarify profiling within and between the institutions, to improve the capacities of research specifically in the research intensive universities, to strengthen the administrative and financial autonomy of universities, to add quality assurance mechanisms to the funding systems of universities, to increase internationalisation and to speed up graduation. Other contextual factors like networks, the public and private funding available for universities, fierce competition of research funding, strengthened requirements of accountability and diversified external demands shape the strategic management at universities.

From planning to strategic development

In recent years, strategic management and strategic planning techniques (e.g. Ansoff 1980; Freeman 1984) have spread from the private sector into public higher education organisations. Despite this trend, it is inappropriate to claim that these processes or systems can exclusively affect, improve or change the academic work of universities. Universities can perform well even in cases where their management fails (e.g. Birnbaum 1988). Strategic planning is one organisational tool used to deal with a changing and uncertain environment (e.g. Freeman 1984; Mintzberg 1987; Pidcock 2001; Shattock 2010). In a university context, strategic management has a crucial role in, for example, pulling internal policies and processes together (Shattock 2010). Furthermore, imposing strategic management on universities has been found to impact on the culture by raising awareness of the need to think strategically in a competitive environment (Crebert 2000).

All organisations aspire to find a balance between their external and internal environments. Dealing with the complexity of functions, tasks and the environment is a major challenge for university management (Hölttä 1995) and, as with other organisations, it is common to find tensions related to resources, decision-making, goals, processes and structures (e.g. Harmon & Mayer 1986; Mindlin & Aldrich 1975; Scott 2003). In universities, these tensions are further related to and intensified by the complexity of the university as an organisation, the multiple goals and values of university actors, the nature of academic work (e.g. Birnbaum 1988; Clark 1983; Lammi 2003) and the university's political and economic relationships with society, particularly the increasing demands it faces to serve modern society.

In the huge body of strategic management literature, there are various views on how to deal with the environment and what to focus on. Strategic schools vary from the earlier rigid planning schools to learning and environmental schools (e.g. Mintzberg & Lampel 1999; Chaffee 1985). Strategic choices are both enabled and limited by the internal and external factors of an organisation (e.g. Freeman 1984; Dyson 2004; Mintzberg 1987; Pidcock 2001) and this is one common element found in all the several strategic schools. Strategy and strategic development are organisation-wide activities and are not solely based on the decisions of top management (Chaffee 1985). This is an important point from the perspective of the strategic development of universities. Moreover, strategic choices and strategic directions can be considered and understood through the university's external environment, but the university's internal environment cannot be ignored.

University profiles and key development areas are presumed to highlight and realise the strategic direction for the entire organisation. These are formally articulated in institutional level strategies, but are the strategies rational and conscious choices? Strategies can be divided into prescriptive and descriptive strategies. A prescriptive strategy determines what ought to be done and a descriptive strategy describes what is done. Strategies may also be mixed and contain both prescriptive and descriptive features (Mintzberg & Lampel 1999). Because of unpredictable and turbulent surrounding environments, intended strategies are supplemented by realised strategies. From this standpoint, there are two types of strategy; intended and realised (see Mintzberg 1987; Pidcock 2001).

From the perspective of *contingency theory*, strategy can be seen as a tool with which an organisation interprets its environment. Interpretations enable both intended and realised strategies and they are equally important in views of the internal and external environments of an organisation. Nonetheless, the primary limitations of an organisation are often, to be found in its external environment. Contingency theory is a framework (Lawrence & Lorsch 1969) with close linkages to the environmen-

tally-oriented strategic approaches (Mintzberg & Lampel 1999). According to this theory, organisational actions and choices are limited by the external environment. Lawrence and Lorsch (1969) discovered that the most successful firms are those that are differentiated enough to deal with an uncertain and changing environment (see also Clark 1998; Shattock 2010). Following Donaldson (1995) highlights that “organizational performance is affected by the fit or misfit between the structure and the contingency”. So understood, the environment of the organisation and the organisation itself are objects of strategic planning (Maassen & van Vught, 2002; Crebert, 2000).

Mintzberg (1987; Malkki 2002) argues that strategy has several meanings. The five most common definitions are: “strategy as a plan, pattern, position, perspective and ploy”. Strategy as a *plan* is an intended course of action and is developed consciously and purposefully. This is a typical, but somewhat narrow view of strategy. Under this approach, strategy is to do with how leaders try to establish direction for the entire organisation (Mintzberg 1987). Strategy can also exist as a *pattern*, meaning consistency in behaviour; although, behaviour does not need to be purposeful or have any connections to the intended plans. Strategy as a *position* links an organisation to its external environment with respect to a single competitor or a number of competitors. The plan, pattern and position are prescriptive-oriented forms of strategies. Strategy as a *perspective* is a viewpoint shared by the members of an organisation. (Mintzberg, 1987.) Interestingly, shared perspective is not self-evident within universities. The nature of the university as a loosely coupled organisation supports organisational diversity and fragmentation rather than integration (Mintzberg & Rose 2003). However, the stimulation of coherence in actions and decisions can be seen as one feature of the whole strategic planning of universities (Maassen & van Vught 2002). Strategy as a *ploy* has to do with gaining a competitive advantage (Mintzberg 1987).

In the categories suggested by Chaffee (1985), strategy has different assumptions in terms of what the strategy focuses on and what is the nature of reality. A *linear planning model* focuses on the end and the means; it resembles Mintzberg’s (1987) planning model. A manager of an organisation plans how to deal with competitors to achieve the goals set for the organisation. An *adaptive model* assumes that the environment is more open, dynamic and complex than in the linear model. An organisation must change with the environment rather than just deal with the environment. An *interpretive model* constructs an orientation or frames of reference that allow the organisation and its environment to be understood by diverse organisational stakeholders. (Chaffee 1985.)

Strategic development and the establishment of strategic management systems are long and complex processes when undertaken in the context of universities (Kasvio 1999; Mouwen 1997; Lammi, 2003). Each strategic school has different underlying strategic concepts and frames focusing on different assumptions and interpretations of reality. In this paper the intention of strategic development is understood as an approach to enable better integration between the university strategy, the management and the core operations of the university. This article empirically considers strategies from the internal perspective of universities, but does not bind analysis to any single strategic school.

Case study

This study explores the following questions:

- 1) What external and internal factors are identified in university strategies?
- 2) What strategic priorities are set for the university in university strategies?
- 3) What is the purpose of university strategy?

The first research question focuses on the environmental analysis of universities. Universities are more than ever expected to deal with diverse expectations from their external environments. Ideas of contingency theory are used here to identify crucial elements in the internal and external environments of universities when setting their strategic priorities. The second research question will shed light on key areas of development of the university. The third research question is a fundamental question related to the purpose of the strategy itself. Mintzberg's (1987) and Chaffee's (1985) approaches are used here to examine the intention of strategy.

The present study applies case study design (e.g. Yin, 2009) focusing on two different Finnish universities. This is a small scale explorative study (Yin, 2009) in order to gain familiarity with the new phenomenon of strategic development of universities in the context of Finnish university reform. The purpose is to offer tools to reflect the first steps and experiences of the university reform from the point of view of the strategic development at universities.

Detailed planning of resources was applied in Finnish universities until the end of 1980's. Therefore, the establishment of strategies is not yet a long tradition in Finnish universities. The Ministry of Education and Culture¹ places an increas-

1. The name of the Ministry of Education was changed to Ministry of Education and Culture in 2010.

ing emphasis on the strategies of universities. All universities have updated their institutional level strategies. The universities have been required to submit their updated strategy documents together with an implementation plan to the Ministry of Education and Culture for the performance agreement period 2010 - 2012. In the university specific strategies, national policy goals had to be taken into account (Ministry of Education, 2008). Thus, the university strategy is at least partly dedicated to one of its major stakeholders: the Ministry of Education and Culture. In their first strategies after the university reform universities identified their profiles and key areas of development. Moreover, there is a new element of integrating the strategic plans of universities with the processes of performance based steering.

In the performance based steering system performance negotiations take place every fourth year. In these negotiations, the university and the Ministry of Education and Culture discuss and agree on the universities' tasks, profiles and key development areas, national policy goals, quantitative targets, resources and results to be attained with the resources and improvement targets. These negotiations end with the signing of performance agreements. In the intermediate years the Ministry provides a feedback letter for each university. (Ministry of Education, 2008.) The first feedback documents were assigned in 2011.

Two Finnish universities were selected for this case study: the *University of Helsinki* (referred to hereafter as HU) and *Tampere University of Technology* (TUT). Criteria to select these case study institutions were their different academic profiles, reputation, status of legal person, size and operating funding structures. HU is the biggest multi-disciplinary university in Finland and TUT one of the major universities operating in technical study fields. HU is a public legal person university and TUT is a foundation run university. The proportion of *state funding* vs. *external funding* was 41 to 59 percent in HU and 23 to 77 in TUT in 2008 (Kota database, 2008). The major part of this external operating funding originates, however, from the state budget. The proportion of actual *enterprise funding* in external funding was 11 per cent in HU and 24 per cent in TUT. Both case universities have recently reformed their organisational structures.

The three research questions formulated will be analysed using the document data. The document data consists of pre-reform and first post-reform university level strategies of the above mentioned universities. The strategic plan "*TUT – a pioneer of technology*" is for four years 2010–2013 and at HU the strategy was approved in 2009 for the period 2010–2012. The previous strategy for TUT was established for the period 2004–2010 and at HU for three years 2007–2009. The research questions are crucial to explore also from the point of view of university management. Therefore, semi-structured interviews with the rectors of the case study universities

were conducted. For the rectors strategic management and planning are important functions (Henkel, 2002). The interview discussion topics were: current state of the strategy process in the institution; purpose of the strategies and utilisation of strategic management in the university and important internal and external factors in the environment. The strategy documents and interviews are analysed using content analysis (e.g. Krippendorff 2004; Yin 2009).

Findings

The formal structures of the strategies reviewed were similar in the case universities. The post-reform strategies were shorter (HU 2010–2012:13 pages, TUT 2010–2013: 9 pages) than the previous ones (HU 2007–2009: 30, TUT 2004–2010: 15). In HU, the first post-reform strategy started with a short description of the operating environment while in TUT the university was described in a nutshell. In the previous strategies there were longer analyses of trends in operating environments, descriptions of core tasks and current operating conditions. The structures of the strategies followed a rational type of decision-making model in both cases (Pidcock 2001).

External and internal factors

The external factors in the strategies can be categorised into economic, political, geographical and demographic environments, networks and competition. The internal factors can likewise be grouped into values, institutional profile and identity, resources and infrastructure, effectiveness of operations and institutional governance, management and leadership.

In the earlier strategies (HU 2007–2009 and TUT 2004–2010), the external factors were articulated as trends, opportunities and threats. In the first post-reform HU strategy the external factors were approached globally whereas in TUT they were more or less related to Finnish society. The global environmental factors were such as international terrorism, more tensed international political atmosphere, climate change; the rising economies of China, Russia, India and Brazil; global network economy and free movement of capital. In TUT, the external factors specified included the needs of industry and business life and key partner universities. The close contacts of TUT with business life were the basis for the existence of the university according to the rector.

In the interview data, the changed university legislation, internationalisation, competition, university's social status, reputation and national demographic features were deemed very important. Internationalisation and competition for the best researchers, teachers, students and external funding were the challenges of these universities.

The same types of internal factors were found in the pre-reform and first post-reform strategies in both case universities. One difference between them was that while there were no strategic goals concerning institutional level management in previous strategies – according to the rectors they became a priority in the post-reform strategies. HU emphasised management tools by referring to its management system, internal information systems and quality assurance system. TUT's strategy stated that its managers and leaders are required to be committed to the strategic goals, bear their responsibilities and actively improve their managerial competencies. In both cases, there were plans to establish a management system that is part of the implementation process of the Universities Act.

As internal factors the rectors emphasised a range of issues between the institutional management and academic freedom. The both rectors had a plan to make their management throughout an organisation more active. In both universities, the management is divided in accordance with the three organisational levels of the university; the central administration, faculties and departments. In TUT, management was bolstered by increasing involvement of external stakeholders. The head of the strategy planning group was an external member. A foundation model offered a chance to have a governing board consisting exclusively of external members: "Externality enhances strategic activities. In the traditional university governance model, the internal board members actively safeguard the interests of certain groups, and if they do not succeed, they make sure that other groups do not succeed, either. Therefore, the rector has to persuade people and in the worst case bargain between different groups" (TUT, rector). In HU, large size of university, multi campus and multi-discipline university implied various approaches and diversity in operating practices and management.

Universities need management and incentive structures that support the institutions to achieve their strategic goals (e.g. Mouwen 1997). Different development phases of operating units implied applying different strategic incentives that motivate the best units and also those units that need operational development (TUT rector). HU is a big multidiscipline university and it was crucial to be aware that the units apply different management concepts and have different needs and practices (HU rector). However, HU aspired to increase uniformity of management throughout the institution. Integration of teaching and research was a strategic goal under dis-

cussion; all researchers were required to teach and all teachers were required to do research (HU rector). Lack of post doc positions made competition of the researchers challenging (HU).

Internal communication and its big challenges were mentioned by both rectors. A workable communication channel from rector to deans and from deans to heads of units (HU rector) and from one organisational level to another (TUT rector) was emphasised. Heads of units were regarded as key actors in strategic development (HU rector). At TUT, the internal atmosphere among the personnel reflected both the ideas in favour of and against the university reform. At HU, the university reform did not cause big internal changes, but the legislation was believed to provide more management tools such as an independent status of employer.

Strategic priorities

Visions necessary in setting institutional strategic priorities were specified as follows:

“The University of Helsinki is the most multifaceted institution for intellectual renewal that create new scientific way of thinking and knowledge through the internationally recognised research, teaching based on research and co-operation and transmits them in order to add well-being in the Finnish society.” (HU strategy 2007–009)

“The University of Helsinki is the most comprehensive research institution of higher education and of intellectual regeneration in Finland. It is a pioneer and a builder of the future.” (HU strategy 2010–2012)

“The technical University of Tampere is an alert university, following its time and environment and making consistent strategic analyses that direct the development in its core areas.” (TUT strategy 2004–2010)

“TUT is a significant national and international pioneer in the development of technology and a sought-after cooperation partner in the scientific community and business life.” (TUT strategy 2010–2013)

Both case study universities underlined their intention to operate as independent institutions. The vision of HU stated that the university will strengthen its status among the best multidiscipline research universities in the world. In TUT, the previous vision was internally oriented whereas the first post-reform strategy is directed outside the institution.

Table 1. Priorities in the strategies (University of Helsinki, Tampere University of Technology)

HU		TUT	
2007–2009	2010–2012	2004–2010	2010–2013
A high-quality workplace Quality assurance	Interaction with society Teaching Research	Teaching using the best methods Development of foundations of scientific activities	Development of research Strengthening of internationality
Internationalisation of research and teaching Academic guidance and supervision	Personnel, management and leadership, supporting activities	Societal development International interaction	Improvement of the quality of teaching and learning
Development of an innovation system		Forecasting future Responsible personnel policy	Development of leadership and management

Interaction with society was one of the major priorities in both of the case study universities. In TUT co-operation with the industry through research and development projects was highlighted while in HU interaction was articulated as carrying university’s social responsibility, advocating of science and being a valued partner in interaction. Major external stakeholders of HU were identified as the state administration, business life, regions, alumni and other higher education institutions nationally and internationally.

Internationalisation was set as one of the major priorities at TUT (2010 - 2013). The university emphasised that this is a pervasive element throughout all of its operations. In HU internationalisation was a strategic goal under the priority of teaching and was likewise defined as an essential part of all activities. The natural international co-operation context for HU was Europe, but international students and personnel were recruited world-wide.

While both research and teaching were prioritised in the first post-reform strategies, TUT seemed to raise and develop its profile as a research university. In the previous strategy its focus was more on teaching. In the first post-reform strategy, inputs to basic research were also strengthened along with applied research. Strong research areas were defined to be signal processing, nanophotonics and intelligent machines. HU did not specify any key research fields in its institutional strategy. HU had a strategic choice in which academic disciplines raise their field specific priorities.

“In this strategic period we aspire to find better ways to prioritize, mainly in a way that the departments would recognize the top areas in their field.” (HU, rector)

The interviewed rectors emphasised the personnel policy as an important priority in strategic management and specifically from the point of view of change management. The specific challenge – and opportunity – for personnel policy was the aging and retirement of the big post-war generations. This challenge was expressed in various ways by the rectors: “Personnel retirement brings new opportunities to personnel policy bearing in mind that we get the right people to do the right things” (HU, rector). “For change to happen, in some cases at least, a generation change is necessary” (TUT, rector).

Development of leadership and management were mentioned as strategic priorities in the first post-reform strategies. The Universities Act was seen as a very important opportunity to change and develop university management towards strategic management. This was the case particularly in TUT. “Universities traditionally do not have management as it is understood elsewhere. The new law offers a chance for real management; so far now university management has been mainly about persuading people” (TUT, rector).

Purpose of the strategy

Strategies were no longer deemed to be documents that are forgotten after their formal approval by the university governing board. The interviewed rectors described how the nature of strategies has changed. Previous strategies were criticised for being rhetorical, multi-purpose and difficult to implement. The first post-reform strategies integrated strategic planning and the basic functions in more detail. The rectors considered very important the communication and integration of strategic work between the unit and university levels.

“Early they [strategies] were merely lists of all good things.” (HU, rector).

“One inflammatory speech of the rector is not enough.” (TUT, rector)

Some differences regarding the purposes of strategies between the case study universities were found. The big multi-disciplinary university aspired to consistency and a common development direction and the technical university to a clear direction. The informants specified the two to three most important purposes of the strategy:

- to set a clear direction and goals for all organisational levels, to define ways to attain the goals (TUT), to set a common development direction (HU)
- to act as a communication interface to internal and external actors (HU, TUT)

- to create consistency and inspiration throughout the organisation (HU)
- to respond to the initiatives of the Ministry of Education (HU)
- to promote the idea of top university (HU)
- to legitimate its existence for major stakeholders (TUT)

One can identify the correspondence of the declared purposes to the various understandings of strategy discussed before. Hence, for instance, setting a clear direction has to do with an approach to understand a strategy as a plan. Creating internal consistency was related to understanding the strategy as a pattern (HU); the top university vision was related to the strategy as a position (HU). (cf. Mintzberg, 1987.) Legitimizing the existence of the institution has to do with a symbolic meaning of a strategy (Morphew & Hartley, 2006; Chaffee, 1985).

In the context of the purpose of the strategy, the informants discussed how the strategies were prepared. A top-down model (HU) and a top-down mixed with a bottom-up model (TUT) were used when preparing the first post-reform strategies as opposed to the earlier bottom-up approach at HU and a top-down approach at TUT. The TUT rector stressed the importance of the strategy process. The process was supported by the external head of a strategy group. This according to the rector raised open discussion involving a debate on difficult matters and supported the commitment by the university members.

Conclusions and discussion

The two Finnish universities chosen for this case study aspire to establish a comprehensive strategic approach and gain greater control over their external and intra-organisational environments. Nevertheless, the universities specify and describe their position in their external operating contexts (Freeman 1984; Mintzberg 1987; Chaffee 1985) in different ways. The large, multi-discipline university expresses its environmental orientation as a social mission; contributing excellence in science and being a valued partner in society. This university also analyses its external environment globally both in the pre-reform strategy and in the first post-reform strategy. In contrast, the technical university emphasises a service orientation towards business life and industry in its region. In its pre-reform strategy, the environmental challenges it faces are mainly threats and opportunities in the economic environment. The first post-reform strategy extends the strategic approach to the rapid development of science and technology, globalisation, changes in the economic structure

and international competition. In the pre-reform and first post-reform strategies, multiple groups of external and internal factors are identified in both case studies. However, it is not possible to interpret from the formal strategy documents, which specific internal and external factors apply in terms of strategic fit, as suggested by contingency theory (Lawrence & Lorsch 1969; Mintzberg & Lampel 1999).

The findings of this study suggest that the post-reform strategic development primarily concerns the fit between the intra-organisational factors. The rectors interviewed identified the necessary alignment to be accomplished between the following: the new and more active university management and academic freedom; the nature of management and different stages of development of academic units; and the diverse practices of academic units. From a management perspective, the two case study universities apply different methods to promote these fits. The technical university appears to invest in personnel-oriented leadership and the development of managerial capacities. Conversely, the multi-discipline university focuses on the management of teaching and research, and the development of management and information systems.

The case study universities have a number of strategic priorities which they identify as key development areas. A strong research profile and internationalisation are the new key areas of development of the technical university in its post-reform strategy, while the multi-discipline university emphasises management of its core academic tasks; teaching, research and interaction with society in the post-reform strategy. Improvement of competitiveness, innovativeness and performance are aspects under the strategic development in both of the case study universities. Given that the strategic process is time-consuming and difficult (Mouwens 1997) and that the strategy is expected to provide a long-term direction for the entire institution, three-year (HU) and four-year (TUT) strategic periods are relatively short. Moreover, it should be noted that changes in universities usually take place incrementally.

The results of this study highlight that the nature of strategic goals is changing toward more prescriptive, concrete and action-oriented goals in both case study universities. The strategic goals are set and organised hierarchically in the initial post-reform strategies: a strategic aim is established for each major focal area along with concrete objectives specifying how to achieve them. This is in line with assumption of strategy as a plan that sets a clear direction and goal, and which further shows how to get there (Malkki 2002; Mintzberg 1987; Chaffee 1985). In addition to setting strategic goals, the multi-discipline university also seeks to achieve more consistency in the direction of behaviour of the university actors (Mintzberg 1987; Crebert 2000). The faculties and departments identify their own internal discipline-specific priorities concerning their research. This means that the strategic goals

and strategic potential relating to research are enhanced in relevance by the fact that they stem from everyday academic work (Buckland 2009).

While study suggests that, internally, the strategy serves as a plan, communication tool and, management tool, it is the strategy formation process rather than the final strategy document that fulfils these purposes. Hence, the process is more important than the formal strategy document itself (Buckland 2009). A university is a multi-functional and multi-level organisation. When personnel of each organisational level participate in the strategy process, it allows for interactive processes that convey meanings and enhance motivation and understanding of strategic behaviour and strategic frames of references (Chaffee 1985).

The rectors interviewed states that they analyse their strategic development mostly vis-à-vis the Ministry of Education and Culture and, the university personnel. A formal strategy is always written for various stakeholders (Mintzberg & Lampel 1999); thus, the published strategy presents an official message to the external stakeholders in both case study universities. With respect to the Ministry of Education and Culture, the fits, assumed in the contingency theory, appear to apply. This study indicates that the national higher education policy goals and the institutions' strategic goals set are aligned. The universities present more detailed strategic plans to the State, although it is worth noting that the declared policy goal of the university reform is to enable more autonomy for the universities.

One important question from the viewpoint of strategic development and autonomy is whether the universities can choose their institutional profiles and priorities independently. The annual feedback letters the Ministry of Education and Culture provides to universities, during the four-year performance agreement period are examples of the mechanisms through which the Ministry controls the degree of fit between the national policy goals and realisation of university strategies. Performance-based steering has been applied since the 1990s and one of its goals is to increase freedom of action and accountability of governmental agencies in order to ensure better services and efficient use of resources (Ministry of Finance 2006). Following the university reform, performance-based steering is accompanied by policies steering the strategic development of universities. As this study shows, here are concrete strategic goals available for state steering. Within the universities the strategic steering is the responsibility of their respective governing boards. University management can, if it so prefers, also circulate certain strategic questions through the Ministry in order to gain support and legitimise the goals for implementation. If the strategy is applied in this way, its purpose is also considered a ploy (cf. Mintzberg 1987).

Development of strategic management is complex and multidimensional, particularly in the professional and loosely coupled organisations like universities. Different organisational actors apply various strategic management frames and concepts depending on which frameworks and strategic school or schools' assumptions each actor prefers. Strategic management and strategic development are new management concepts within universities, and, through them, the university actors may experience their social world differently even if it has not changed considerably (Seidl 2007; Kasvio 1999; Lammi 2003). It is crucial to investigate and understand strategic management from a range of perspectives. In the future, it is important to shed light on the roles, conceptions, interpretations and experiences of different levels of managers and leaders, personnel, students and external stakeholders. The role of middle managers, for example, is one of the most vital when implementing strategies. It is also relevant to study the wider contextual factors of universities when balancing the competing demands of various stakeholders in their strategic processes. The aforementioned are all crucial research topics. Another important research theme is strategic behaviour and the conflict between intended and realised strategies in the strategic development of an organisation. Topically, there is a need for further empirical and theoretical studies on strategic management in universities in Finland.

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